L J Feldman

To Lieut. Colonel John Bigelow
With the author's compliments

Geneva, 15th July
1932

To 1-62

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An Expert
in the Service of the Soviet

AN EXPERT IN THE SERVICE OF THE SOVIET

by

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Translated by
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PREFACE

THE Schachty case which was tried in Moscow from May to July 1928 and unfolded before the world the whole tragedy of the Problem of the Expert in the Service of the Soviet, the so-called "Spetz," has prompted me to write the present book.

A vast literature on Soviet Russia has, of course, appeared in foreign countries, but it emanated from people who, coming to Soviet Russia as mere spectators, have seen the conditions only from the outside. Soviet Experts themselves who know the ins and outs of conditions have hitherto published abroad only isolated treatises dealing with particular economic, financial or technical questions. In view of the fact that the authors are in the employ of the State, these treatises are naturally written to pass the censorship of the Party.

As a former Expert in the service of the Soviet, I shall neither present a scientific treatise nor give revelations or produce sensations. I will merely describe actual conditions under which the Expert in the service of the Soviet has to work. I will describe such conditions objectively as I have witnessed them, and I hope thus to add to the knowledge of the world-problem known as "Soviet Russia."

I wish to draw particular attention to the information given in the Appendix at the end of the book as it confirms in the most emphatic way the position of the Expert in the service of the Soviet as described in the following pages.

M. J. L.

PARIS, *June* 1929

CHAPTER I

1914–1918; world war and revolution

AT the outbreak of the war I was Manager of the Petersburg branch of an important Russo-English joint-stock company which possessed mines (copper, iron, gold) in the Ural Mountains. In 1915 our company, just as all other industrial enterprises and mines, was compelled to place itself at the disposal of the war and its requirements and to furnish supplies for the State.

From the very day of the outbreak of hostilities I became a bitter opponent of the war.

The first days after the outbreak of the war witnessed immense excitement among the population in Petersburg. Not that a really latent hatred against Germany had suddenly vented itself, but the nationalist baiting, stirred up by the military clique, just as in all other European countries, had culminated in the patriotic intoxication of the population, which expressed itself in demonstrations accompanied by hurrahs and shouts of victory.

On the 20th of July (O.S.)—the day following the outbreak of the war—I was standing in the Nevsky when such a procession was just passing by. Imperial portraits were carried aloft, and the national anthem was sung. Hats were waved and so on. By my side stood an elderly Social Democrat whom I knew well and who, carried away by the general excitement, suddenly informed me that he was going to join the war.

"Why?" I asked.

"In order to beat Germany, that police constable of Europe, black and blue so that she shall never be able to rise up again."

"And then? What will be the result? You no doubt wish to entrust to Russia the rôle of European police constable? Where are your political convictions? Are you so anxious to fight on the side of Tsardom against German Monarchy?"

Logical arguments were to no purpose in those days. The general frame of mind and disposition, the psychology of the crowd, carried away many people. I had many an opportunity to test the power of this psychosis on myself. The first months had passed and the "brisk-free-and-merry" war, the joyful cavalry-charge, had not yet come to an end. The seriousness of the situation began to dawn on many a man.

On one gloomy October afternoon the students of Petersburg, numbering many thousands of men, passed along the Nevsky in the direction of the Winter Palace, there to demonstrate their patriotism and to express their readiness to serve their country in her hour of need. I saw the crowd pass by and felt myself physically drawn by a desire to mingle with it, to become one of it, and to march in its wake. I had to make a tremendous effort not to follow the crowd on the side-walk and to penetrate into its midst. I followed it, however, as far as the Winter Palace. Arrived in the vast square, their faces turned towards the Winter Palace, the students suddenly fell on their knees, singing the Russian mass for the dead, "Vétchnaya Pámyat" (Eternal remembrance), in memory of the men who had fallen in the war. I had placed myself behind one of the pillars of the Winter Palace, and thus, having the crowd in front of me, could observe it undisturbed.

Although I knew full well that my own conviction with regard to the war was diametrically opposed to that of the students, although I never doubted that

on some day of terror this kneeling mass would suddenly awake from its delusion and, instead of kneeling, would raise its menacing fist against the Winter Palace, in spite of all this, I had to retain myself forcibly so as not to mingle with the crowd and to kneel with it.

Like all the others in my situation, I was compelled, *nolens volens*, to work in my firm for the war, for the assassination of nations, for the destruction of flourishing human lives, in the interests of narrow-minded, selfish war-aims. The longer the war lasted, the farther it spread, dragging along new countries on the road to ruin, the more hunger and suffering were being felt in the widest strata of the population, the more firm grew my conviction that Russian Tsardom, which bore its full measure of guilt in this vast misfortune of nations, would perish in consequence of the war. I was wishing for this downfall, but I dreaded not the less the military victory of Imperial Germany.

If the war was to have had any sense at all, if the millions of human lives were not to have been sacrificed in vain, it could only have been if, as a result of the war, a general *rapprochement* between the nations, an understanding between peoples, had been brought about. The longer the war lasted, the more evident it became to all clear-sighted men that there would be no victors but only vanquished.

In the meantime heavy and menacing clouds had gathered on the horizon in Russia. The first enthusiasm of the war had soon spent itself, and already in the beginning of 1916 hunger and a lack of the necessaries of life began to make themselves felt everywhere, particularly in the big cities.

The pernicious influence wielded by the Siberian peasant, the "holy devil" Gregory Rasputin, over Tsar Nicholas II and the Tsaritza Alexandra

Feodorovna, and consequently over the destiny of Russia, grew stronger and stronger. Rasputin lived in Petersburg, and his drunkenness, his wild orgies, his corruptibility and his power over the Tsar were common talk. He dismissed and appointed Cabinet Ministers and Archbishops and raised his creatures to the most important administrative posts. Such a state of affairs could not last long, and towards the middle of December 1916 Rasputin was shot dead by Prince Felix Youssoupoff and Purishkevitch, a delegate of the right Radical wing in the Duma, in the palace of Prince Youssoupoff. Rasputin's body was thrown into the river.

The death of Rasputin produced a deep impression upon the population, particularly on that of the capital. The Tsaritza was at that time the best-hated woman in Russia. People could not forget the fact that she was a German princess and would not forgive her for having handed over the country to a Rasputin. She was being compared to Catherine II, also a German princess, and it was mockingly pointed out that the Tsaritza had much in common with Catherine the Great, except the latter's great mind.

General excitement prevailed. News from the front was bad, only feebly glossed over by the official reports appearing in the Press. The lack of the necessaries of life asserted itself more and more, and the queues in front of the bread and meat shops became more frequent and longer. Towards the middle of February 1917 disturbances broke out in the capital among the workmen, and on February 23 (O.S.) the excitement had reached such a point that the Petersburg Stock Exchange had to be closed. Military detachments were patrolling the streets, and the Nevsky Avenue had in many places been shut off by gendarmes. There was no longer any

doubt, in fact it was quite evident, that bloody encounters would soon follow.

And, indeed, on February 28, O.S. (March 12, N.S.), on a fine, sunny winter day, the Revolution broke out. Far away over the frozen and snow-covered expanse of the Neva the flames of the District Court of Justice, a huge building on the banks of the river, which had been set on fire, sent the reflection of their blaze.

The president and the other prominent members of the Duma had assembled in the Taurida Palace where they were deliberating with the "Soviet of the Working Men's Delegates," the representatives of the trade unions and of other party and professional organizations elected for the purpose, on the question of constituting a new Government. A crowd, numbering many thousands, was daily surrounding the Taurida Palace, enthusiastically greeting the representatives of the new Government. At short intervals a member of either the "Workmen's Soviet" or of the Duma would appear and address the crowd. For a week Petersburg was without journals, only brief items of information being posted up daily on the lamp-posts.

When Russia had thrown off the yoke of Tsardom and the Provisional Government had been constituted, public political life awoke in a measure hitherto unknown in Russia.

Engineer P. P., a member of the board of directors of the Shouvaloff Company—whose commercial director I was at that time—was appointed Assistant Minister of Commerce and Industry. Several of my friends accepted posts in the new service of the State, and I myself turned my attention to municipal matters.

In March 1917 I was elected town councillor of the Admiralty Duma (i.e. the Town Council of the

Admiralty District in Petersburg). In June 1917, in my quality of representative of the Admiralty Duma, I became a member of the Central Petersburg Town Council, and in November 1917, when the Bolshevik Revolution had broken out, I was president of the Admiralty Duma. In the district of my duma were situated the Winter Palace, numerous other palaces, the picture-galleries and the museums of Petersburg.

On October 25 (November 7), 1917, began the attacks of the Bolshevik regiments on the Winter Palace where the Kerenski Government had entrenched itself.

The Kerenski Government perished principally because it had ignored the desire of the army and the nation to bring the war to an end at any cost. On the contrary, Kerenski, the President of the Council of Ministers, and the Foreign Minister, Miliukoff, insisted upon an unconditional continuation of the war until a "victorious" end. The army was tired of war and would neither see nor hear any more of it. The propaganda of the Bolsheviki, therefore, who promised an immediate unconditional ending of the war, found a ready ear in the army. Inspired by this thought, the soldiers rose up against the Provisional Government and overthrew it without finding any strong resistance.

During the Interregnum following upon the November revolution of the Bolsheviki (i.e. during the days from the 7th to the 17th of November) the municipal power in Petersburg was concentrated in the hands of the "Central Committee for Public Safety" which had its seat in the building of the Petersburg Central Duma and consisted of town councillors. As President of the Admiralty Duma I was, at the same time, member of this Central Committee. The Provisional Government had been

overthrown, and the Ministers were either in prison or had escaped, so that this Central Committee was the only authority in Petersburg which conferred with the new Government during the days of transition. It interceded on behalf of the urban population and its needs, continued the necessary work and looked after public safety and order.

The town council in Petersburg, like the town councils in general, was a thorn in the side of the new Government. Already towards the end of November 1917 the new Government began to persecute the town councils and never ceased until at the beginning of 1918 the Petersburg Central Duma and the district dumas had been definitively dissolved.

In the evening of November 7, 1917, the Bolshevik troops stormed the Winter Palace. The building was at the same time bombarded from the warships in the Neva. Quite easily the troops broke the resistance of the students of the military colleges (the so-called "Junkers") and of the women's regiment who were defending the building and penetrated into the Winter Palace. Until noon on the following day, that is for many hours, undisciplined soldiers and sailors, as well as a wild raging crowd, rioted in the Winter Palace. It was only then that at the command of the new Government the Winter Palace was occupied by the military, and the crowds that had entered it were forcibly expelled. All through the night the windows of the usually dark Palace were lit up, giving the impression of broad daylight. From a distance one might have imagined that the Palace was on fire.

The Duma had been informed that the crowd, after storming and penetrating into the Winter Palace, had pillaged it and that many objects had been sold in the city. At my suggestion a commission of enquiry, consisting of five members, was

appointed, receiving from the Central Duma the instructions to inspect the Winter Palace and to estimate the extent of the damage. As president of the Commission, I entered the Winter Palace on November 12 (that is, five days after it had been pillaged) together with the other members of the Commission of Enquiry.

A horrible picture met our gaze. Apart from the rooms destroyed by the bombardment—the wind was blowing through the broken window-panes—the crowd had robbed whatever could be carried off and demolished what it could not take away. The rage of destruction seemed to have been terrible. Heavy and big oak chests, bearing corresponding inscriptions, which served for the purpose of storing the crockery and china of the Winter Palace had been either battered or pierced by the soldiers' bayonets. In the large oil-pictures, which for the most part were unimportant, hanging in the halls and corridors (portraits of military men, of courtiers and so on), the eyes had been pierced through. The seats of the leather-covered arm-chairs and chairs in the drawing-rooms and halls had been slashed with knives. In the private apartments of Alexander II and of the last Tsar the devastation was indescribable. The floors in the rooms of Alexander II were littered with all sorts of objects, and we could scarcely make a step without clearing away the things strewn about which we would otherwise have trodden upon. Under our feet lay valuable miniatures, picture-frames, holy images, china, books and broken pieces of furniture. The rooms of the last Tsar had been completely devastated; the wardrobes had been broken open, and numerous garments had disappeared.

In spite of all this, however, we soon convinced ourselves that, with the exception of a few articles,

really valuable art-treasures had not been destroyed. A few costly objects had, of course, been either demolished or stolen, but they had nothing whatever to do with art. On this occasion we convinced ourselves that the last Tsar and the Tsaritza possessed not the slightest artistic taste, and that in their private apartments they had surrounded themselves with objects the tastelessness and banality of which could hardly be excelled. A badly executed enlarged photograph of the late Tsar's father, Alexander III, in hunting costume, hung on one wall, while the other walls were covered with drawings in water-colours of very little value. In the china-cabinets stood a few knick-knacks in white or coloured biscuit such as one sees on a stand in a humble Berlin flat. On the whole, we arrived at the conclusion that although the Winter Palace had been badly damaged and devastated, it had lost almost none of its art-treasures.

In the Winter Palace was also the Imperial wine-cellar, containing several thousand bottles of wine. It was now a question of protecting the cellar so as to prevent the soldiers from getting drunk which would have endangered the Palace. I had a conversation on the subject with the commandant of the military guard, and the cellar entrance was walled up. This, however, proved of no avail. The bricks were continually being pulled out and for several days the entrance had to be walled up again and again. The thought now occurred to us to sell the contents of the cellar—which represented the value of several millions of gold roubles—to a foreign financial group. It was, however, utterly impossible to find a military detachment capable of safely accompanying the wine transport from the Winter Palace to the Finnish railway station. The rumour about the wine-cellar had spread so wide

that one day, towards the end of November, a vast crowd had gathered on the banks of the Neva on which the windows of the cellar were looking out. After an arduous amount of labour, the crowd succeeded in bending asunder a few of the iron bars so as to leave space enough for a young boy to slip through. He at once began to hand over from below the bottles to the crowd which had in the meantime increased to such an extent as to form a long queue. For hours this labour continued, the first boy having been replaced by others. A good many people got drunk on the spot so that the snow on the banks of the river was dyed red by the flowing wine. There was nothing to be done but to destroy the wine-cellars, if one wished to avoid a catastrophe. The bottles were therefore shot to pieces with musket-balls, and the wine flowed in streams in the cellar.

During the first time following the November revolution safety in the streets of Petersburg was in a sad way, and, as far as possible, people avoided going out after dark. At seven o'clock in the evening the houses were already locked and shut up, and a guard of tenants was placed at the gates of the houses to support the porters. The guard, recruited from among the tenants, was relieved every two hours.

On one gloomy, damp November evening, as I had some urgent business in town, I went out and, being delayed, was hurrying home at eleven o'clock, rather uneasy in my mind. The streets were quite desolate, and I had already reached the immediate vicinity of my house. A dense fog had settled down, and the rare street lamps were burning in a mist. Suddenly, in the pale light of the street lamp, there emerged in front of me two tipsy sailors who barred my way. Unfortunately, in my absent-mindedness, I had put on, instead of a cap or a soft felt hat, a black

bowler hat. One of the sailors gruffly addressed me:

"Gospodin Kotelok! Gospodin Kotelok! (Mister bowler hat! Mister bowler hat!) Stand still. Do you know that I could shoot you down like a dog and that nobody would bother or care a brass farthing about it, that nothing would be done to me?"

"Of course I know it."

"Well then, you shall live! You shall know for once what mettle the soul of a Russian sailor is made of."

Thus speaking, they reeled away. A few minutes later I was in my flat where I could at leisure reflect upon the transitoriness of human life. After that I always carried with me a loaded revolver, and whenever I had to visit a distant and lonely quarter of the town and returned home late in the evening, I walked in the middle of the street and not on the pavement.

January 1918 came and with it disappeared all hopes for a democratic reconstruction of the country. The National Assembly (Utchreditelnoye Sobranye = Constitutional Assembly), preparations for which had been going on for the last six months and which finally met in January 1918, was forced by the new Government to dissolve and disperse. Demonstrations in favour of the National Assembly took place all over the country, but the demonstrators were dispersed by force of arms and the movement was mercilessly suppressed.

At the beginning of December the democratically inclined population of Petersburg had arranged a monster demonstration in honour of the National Assembly. A crowd, numbering many thousands of people, passed through the principal streets of the capital in the direction of the Taurida Palace, the seat of the National Assembly, the repre-

sentatives of all the town councils taking part in the procession.

I, too, together with two other members of the Admiralty Duma, participated in the demonstration. When the procession had nearly reached the Taurida Palace and was passing along the Furstadtskaya Street, it suddenly stopped, the military having barred the entrance to the street leading to the Palace. Opposite the spot where the procession had been held up were situated the barracks of the engineers. The soldiers, appearing at the windows, uttered imprecations and curses against the National Assembly, mockingly designating it as the "Utchredilka," and against the damned bourgeois.

I had a foreboding of evil, but retreat was impossible. Hot words were exchanged between the soldiers and a few of the demonstrators, the latter suitably replying to the insults of the former. Suddenly shots were fired from the barracks and the demonstrators dispersed in all directions. With many others I rushed into the courtyard of a house opposite. The firing continued, and we threw ourselves upon the ground where I lay, my glasses broken, and people upon me and by my side. When the firing had ceased, we tried to escape and find shelter somewhere. We were firmly convinced that if we remained in the courtyard we should be shot down by the unbridled and brutal soldiery. Many rushed out into the street, feeling themselves much safer there than in the limited space of the courtyard. The others hurried up the backstairs of the house, seeking a refuge in the flats. In spite of our hammering, however, no one ventured to open. One man only opened his door, but when he saw what was the matter he shut it violently in our faces. I rushed down the stairs, broke with one mighty push a door

leading to a cellar, and suddenly found myself in a dairy depot. The owner, pushing and kicking, tried to eject me, but, holding my fist under his very nose, I told him plainly that I was going to remain, in spite of everything. Ignoring his vehement protests, I called in the others. The front windows of the basement, where the dairy had its depot, looked out upon the street, and from time to time we peeped out, trying to ascertain what was going on outside. The shots resounded more and more sporadically and finally ceased altogether.

I knew that it was now a *sauve qui peut.* It was high time to leave the dairy unnoticed. Venturing out into the courtyard where I saw no one, I passed through the gate into the open street. Scarcely was I outside when I perceived five men with flushed faces brandishing flagstaffs in their hands. These were the trophies they had captured from the demonstrants. The flags had been torn down and trodden in the mud and dirt, while the flagstaffs remained in the hands of the victors. I had a heavy winter coat with a fur collar on. Scarcely had the men caught sight of me when one of them gruffly shouted:

"You accursed bourgeois! You, too, are no doubt a democrat. Take yourself off, and quick, you blackguard!"

I did not reply, but turning up my fur collar, I walked along the street, leaving the men behind me. I knew full well that if I started to run I would be shot down. I never expected, in any case, to reach alive the next street corner, but gathering up all my will-power, I walked with a steady and measured step towards the next corner. I never ventured to turn round, for I knew that they were following me with their eyes. I was the only man in the street, there was not a soul to be seen either in the road or on the pavement. I had only one thought in my

mind: "Where shall I get the bullet? In the back of my head? Then all will be over immediately." I reached the street corner, turned to the right and drew a sigh of relief, but still I dared not run, for I presumed that they were following me. At the next street corner I turned round and saw that no one was following, but my nerves were now utterly exhausted and I was on the verge of collapse. I ran after a cabman driving at full speed, jumped into the vehicle and to the cabby's question where he was to drive me, I replied: "Drive to the devil, wherever you like, but drive away." After half an hour's aimless driving about, I regained my self-possession, told the driver to stop in front of a friend's house, and alighted. My friends, too, were greatly shaken. The procession had passed through their street, and from their windows they had witnessed the shots fired at the demonstrators and seen many of them fall.

There were many wounded but few dead among the members of the procession. The National Assembly had been dissolved, and the new Government had thus removed the principal obstacle in its way which could have prevented the extension of its power.

CHAPTER II

Resignation of my post. Strike of bank officials. Conference in the State Bank. Nationalization of banks and commerce.

IN January 1916 I had been appointed commercial director of the Shouvaloff Company[1] in Petersburg, which possessed its mines (iron, platinum) and factories in the Ural Mountains. After the outbreak of the November revolution I experienced tremendous difficulties in trying to make arrangements so that the many thousands of workmen whom we were employing in the Urals should receive their wages regularly. In the mines, in the smelting-works and factories, our company employed about 29,000 workmen. In the Lyssva mining district there lived altogether a population of about 106,000 souls, constituting the families of the workmen and staff.

De facto the board of directors of the Shouvaloff Company no longer existed. In June 1917, Engineer F. F., the general director, had left Russia on an official appointment, and followed the Russian Ambassador Bachmetieff to Washington as commercial adviser. Engineer P., the second member of the board of directors, had been arrested by the new Government because he was a Minister in the Kerenski Cabinet. The members of the Council of Supervision were all away. Mining engineer G., the technical director, an elderly man, had also disappeared from the arena, and I myself, who had been appointed by the board commercial director, remained the only member of the administration.

The change set in. Our workmen, like all other workers in industrial concerns and in other mines in the Ural, began to take over the management of the company's enterprise. Only by forced sales of

finished goods (sheet-iron) and thanks to my personal connections with the directors of the State Bank, did I succeed in transmitting their wages regularly to the workmen at Perm (Ural). There was unrest everywhere in all our works.

Leontchoukoff, one of our engineers, was shot dead by the workmen, while the remaining engineers felt themselves menaced. The head of the mechanical factory at Lyssva, engineer L. L., a man of great personal courage, contrived only with the greatest difficulty and by displaying all his authority to maintain order at Lyssva.

Resignation of my post

In the meantime a Council of Officials had been formed in our administration at Petersburg, consisting of five employés (the assistant of the book-keeper, the secretary to the board of directors, two lady shorthand-typists and an office clerk). This Council of Employés took the name of "Dyelovoy Soviet," i.e. Business Council. After its constitution I was briefly informed that I had to remain in the office and be at the disposal of the Council. In other words, I was to sit in the office from 9 a.m. to 5 p.m. I received neither the mails nor any documents, and only had to appear on the scene when a member of the Council or that body as a whole wanted to ask my opinion or advice on some business matter.

Such a situation was absolutely intolerable to me. I asked for my discharge, but my request was refused.

At the beginning of February 1918 a deputation of our workmen, consisting of three men—two workmen and one employé in the book-keeping department—arrived in Petersburg. The name of the head of the deputation was Byelooussoff.

The deputation had long and exhaustive conversa-

tions with me, and on the whole was quite friendly disposed towards me. I was, of course, the representative of the former owners of the concern, but during the most difficult three months I had taken care that the workmen should receive their wages regularly. Besides, it was known that politically I belonged to the Left. At present, however, I was really superfluous.

Characteristic is the conversation which Byeloussoff had with me in my room.

"What are you, after all, doing here?" he asked. "You receive a fabulous salary, nearly 18,000 roubles per annum, and what are you doing to earn it? You are sitting here in an American revolving-chair, turning round and round. That is easy enough."

"Yes," I replied, "but, Comrade Byelooussoff, as far as I know, you, too, have received during the last year 17,000 roubles in wages."

"Do you mean to say," he retorted, "that you are comparing yourself to me? I am a highly specialized workman, I am a 'Lekalshtshik,' I make instruments of precision. That is something quite different. What do *you* know?"

"Comrade Byelooussoff," I said, "I have of course passed the final examinations at two faculties, I speak several foreign languages, I possess a commercial experience extending over many years and have also practised at the bar. But you are, after all, right, my presence here is really superfluous. Will you do me a favour and dismiss me? You know that without your permission I must not leave my post here."

The deputation most kindly granted my request. I received immediate notice to leave, and on the 3/16 March 1918 I had ceased to be commercial director of the Shouvaloff Company.

Strike of bank officials

In the meantime the general situation had become a very difficult one. A general strike of the State officials had followed immediately after the outbreak of the November revolution. The general strikers were joined not only by the officials of the State Bank but also by all the employés in private banks.

The new Government was therefore faced by tremendous difficulties, and to-day it appears almost incomprehensible how it had managed to overcome the difficulties and to exist during the first months without an apparatus of skilled and experienced officials.

Money is the *nervus rerum* of every State power.

The State Bank (Gossudarstvenny Bank) was thus obliged to work under any circumstances. The lowest officials alone of the staff (such as messengers of the office-counter, small clerks, etc.) having resumed work after the November revolution, the other posts had necessarily to be filled with Party members who, though displaying good intentions, a will to work and assiduity, had not the faintest notion how to do the work.

From the very outset of the November revolution, in spite of my political opinions differing from those of the new Government, I was a decided opponent of a sabotage of officials. I could have understood it if the officials of the establishments indispensable for the life of the country had protested against the merciless suppression of democratic liberties by a strike lasting one or two days, but an indefinitely prolonged strike of officials I considered not only as purposeless and inadequate as a means of opposing the new Government, but as being utterly pernicious both to the interests of the country and of the strikers themselves.

Unfortunately the truth of my opinion was soon to be proved. The strike of the bank officials lasted for over four months. All the attempts at mediation hitherto made having failed, the result was that 6000 bank officials were literally starving. All of them were tired of the strike and would have preferred to take up their work again.

Soon after I had left the Shouvaloff Company, I made up my mind to make an end to this intolerable situation as speedily as possible. I offered my services as mediator to the former lawyer N. N. Krestinsky, then at the head of the financial department, whom I had known for years, ever since my practice at the bar. He readily accepted my offer.

We had a conference in the State Bank at which, besides Krestinsky, were present Piatakoff, the chief of the State Bank, and his assistant Spunde. These gentlemen were inclined to reinstate only 2000 bank officials whom they would themselves select, a number of new officials having in the meantime assumed their duties in the various combined and nationalized private banks. I, on the contrary, declared that such a condition was quite unacceptable, as there were 6000 bank officials on strike. I insisted that at least 4000 should be reinstated, the selection to be made by the Strike Committee. The condition was ultimately accepted, not without a good deal of haggling, both by N. N. Krestinsky and the State Bank and by the Strike Committee. All the professional bank officials were reinstated in their posts, so that among those who were excluded were either employés who had occupied supplementary positions or women appointed during the war as substitutes. Towards the end of March the officials reappeared in the banks and work was resumed.

Conference in the State Bank

Unfortunately, however, this measure had not the result which I had hoped for, the new Government having in the meantime decided to carry into practice the principle announced in its programme, namely, that of nationalizing banking and commerce.

Knowing full well that the idea of a nationalization of banking and of commerce had hitherto been only a theoretical mould which practical experience had not begun to fill, I suggested that the State Bank should call a conference consisting of the representatives of industry, banking, commerce, navigation and other trades and professions. The conference, to be convened in the State Bank in Petersburg, would serve the purpose of helping the Government to turn theory into practice. I pointed out that it was clear to me that under the existing political conditions the conference should not only criticize the theoretical principles of a nationalization of banking and commerce, but that it should also endeavour, as far as possible, to make practical suggestions for the realization of the impending nationalization.

This proposition was also accepted, and on April 10/23, 1918, the conference opened in the State Bank. I took over the organization of the conference, and after a good deal of persuasion, succeeded in inducing the most important representatives of banking, commerce, industry and navigation who were still in Petersburg, to appear at the meeting. Spunde, the deputy chief of the State Bank, presided, while I myself took the office of vice-president. The conference, which had divided itself into various sections and worked according to a detailed programme, was most anxious to find a solution of

the problems before it, but, unfortunately, the work was to no purpose.

Nationalization of banks and commerce

The Government offices (among them the Commissariats of Commerce and Finance) had been removed to Moscow. Towards the end of April 1918 the nationalization of banks and commerce was simply proclaimed by decree, and the competent authorities in Moscow cared mighty little about the decisions of a conference which had met in the State Bank in Petersburg. The private banks were nationalized and amalgamated with the State Bank.

The inflation now set in. The value of paper money began to sink day by day, and from 1919 to 1921 Russia was a country where the principle of the nullification of money had been proclaimed and which believed that it could exist without any banks at all. It was the period of an elementary "War-Communism," of the most daring and crazy economic experiments, of a terrible civil war, of dreadful want and indescribable hunger.

When the Government had at last convinced itself that such a state of affairs could no longer go on and that the experiments had to come to an end, it decided in favour of an evolution to the Right, from "War-Communism" to the "New Economic Policy," shortly known as the "N.E.P." Towards the end of 1921 the Government decided to resuscitate the banks which had disappeared from the surface, and energetic steps were accordingly taken for a reconstruction of the State Bank.

CHAPTER III

Russian Embassy in Berlin. Return to Moscow. Arrest at Borissoff.

THANKS to the mediation which I had brought to a successful issue with regard to the strike of the bank officials, I had gained the confidence of a few leading representatives of the Soviet Government. The peace of Brest-Litovsk had been concluded, and the first Russian Embassy was to proceed to Berlin.

On April 11, 1918, I was summoned to the Astoria Hotel in Petersburg, where I made the acquaintance of the new Ambassador to Berlin, A. A. Joffe. N. N. Krestinsky and Spunde were present at the interview. The three gentlemen had a long and exhaustive conversation with me, and Joffe proposed to me to accompany him to Berlin as a member of the Embassy, in the capacity of an Embassy councillor.

I knew that I was standing at a turning point of my life, and I felt inclined to accept the offer. On the one hand the diplomatic career greatly appealed to me, while, on the other, I had no doubt that I could be useful to the new Russia. Joffe himself produced a favourable impression on me. He was calm and cool, and his discussions were to the point. He was courteous and obliging in his demeanour and social intercourse.

The journey to Berlin was to take place in three days, on April 14, and I was therefore expected to take a decision not later than on the following morning.

I consulted two of my most intimate friends, who very sharply and adversely criticized the proposition.

The arguments they brought forward can only be

understood in the light of the disposition prevailing at the time. By accepting the post offered to me, they said, I was going to agree to the shameless pact concluded at Brest-Litovsk, and I should not be a party to this adventurous policy. It was quite unthinkable that the present Government could last for any length of time, for such a violation of public opinion was utterly untenable in the long run, and so on.

In spite of my ardent desire to accept Joffe's proposal, I made up my mind, after mature consideration, to decline it.

I was guided in my decision not at all by the arguments of my friends, but by the fact that I did not belong to the Communist Party. Faithful to my political principles, it was impossible for me passively to accept the brutal, anti-democratic policy of the new Government, growing every day more severe and merciless. I feared, therefore, that in this politically prominent position there would continually arise political differences of opinion between the Ambassador and myself.

I regretfully informed Joffe of my decision. He understood me perfectly well. He told me, of course, that he felt convinced that in spite of my arguments, I could nevertheless faithfully and loyally, and with a clear conscience, accomplish the tasks entrusted to me, but he refrained from putting any pressure on me.

I passed the summer of 1918 partly in Petersburg and partly in Moscow, where I looked for and hoped to find some work. Events, however, precipitated themselves with an uncanny rapidity. Already in June 1918 it became evident that banking, private industry and private commerce were played out, and that any occupation in those fields was out of the question. Profiteering, backstairs commerce and

coffee-house brokerage assumed sinister proportions. There was no field of action for me except in the service of the State.

My material position in Petersburg had in the meantime grown extremely precarious.

In accordance with the decrees promulgated in 1917 all banking accounts had been stopped, all bank safes closed, while private property (State loans, bonds, shares, insurance policies, currency, precious metals, jewels, factories, mines, real estate, and so on) had been annulled, confiscated, nationalized and sequestrated.

There were no possibilities of earning a living lawfully, while from a banking account one was allowed to draw only an insignificant monthly amount. There were no buyers for pictures or art objects which could only be sold for a song.

The prices of provisions, of coal and wood, rose daily. Shops closed, and tradesmen disappeared one after the other.

There was no question any longer in Petersburg of obtaining meat, butter, fat, milk, sugar or coffee either in the open market or by cards. These commodities could only be bought by people who had managed, at the opportune moment, to put aside ready cash and could thus afford to pay in secret high prices. The general conditions with regard to food in Petersburg during the summer of 1918 were the worst that can be imagined. A plateful of thin soup made of dried wobla-fish, a piece of this wretched fish, a few slices of a badly prepared sour bread, full of stiff barley grains, and some tea was all the food one had for a whole day.

In Moscow the conditions were a little better. There one could occasionally get a little meat and some fat.

The results of this underfeeding were a constant,

tormenting feeling of hunger, general weariness and fatigue, a weakness and a remarkable dullness and indifference with regard to one's surroundings and the daily round.

The Russian Embassy in Berlin

I now accepted the proposal made to me in Moscow in September 1918 by Krestinsky, who had in the meantime been appointed Commissary for Finance, and consented to go to Berlin as financial adviser of the Ambassador Joffe.

On October 8, 1918, I left Moscow, accompanied by my secretary and a book-keeper, and after a troublesome journey through the Western Russian provinces, occupied by German troops, I arrived in Berlin on October 11.

The suffering of the Berlin population became immediately strikingly evident. Many shops were closed, and milk, butter, bread and meat could not be obtained in the open market, but only by cards. Compared, however, to Moscow, and especially to Petersburg, Berlin was still much better off.

The Ambassador Joffe received me with that amiability which was peculiar to him, and my collaboration with him proceeded on the best of terms.

My task in Berlin was above all that of liquidating the branches of the former Russian "Union Bank" which still formally existed in Germany (notably in Berlin, Königsberg and Dantzig).

In addition to this work I was also instructed to negotiate with the Reichsbank in Berlin concerning the credit for thousands of millions to be granted by Germany to Russia in accordance with the provisions of the peace of Brest-Litovsk.

I therefore opened negotiations with Herr von Glasenapp, at that time chief of the Reichsbank. For the Russian Government the discussions were

carried on by Rudolf Menshinsky,[2] then General Consul of the Soviet Republic in Berlin, and myself.

The matter had not passed the preliminary stage. To secure a counter-proposal from the Germans the Russians were expected to make definite offers. I, for my part, was very reserved in my declarations concerning eventual Russian concessions, and Menshinsky, a man of education and amiable in his manners and social intercourse, was somewhat surprised, and one day remonstrated with me.

I told him that I took my task quite seriously and thought that the negotiations, too, should be carried on seriously. We had therefore to be exceedingly careful in our declarations and promises intended to meet German demands. Thereupon Menshinsky smilingly replied:

"But, my dear fellow, I do not understand you. As long as there are still idiots to take our signature seriously and to put their trust in it, we must promise everything that is being asked and as much as one likes, if we can only get something tangible in exchange."

To such a policy I could by no means agree, and I decided to wire to Krestinsky, Commissary for Finance, and to ask his opinion on the matter, whether my tactics were the right ones. A telegraphic conversation with Moscow took place. Menshinsky and myself spoke from the Berlin Embassy, while Krestinsky replied from Moscow, on the Hughes apparatus, to our questions.

In reply to my question whether the negotiations with the Reichsbank of Germany should be carried on seriously or only formally, Krestinsky said clearly and distinctly:

"The negotiations should be carried on seriously."

My point of view thus coincided with the opinion

of the Commissary for Finance, while Menshinsky's tactics were declined.

My sojourn in Berlin was to be of only a short duration. Towards the end of October 1918 the political situation in Germany grew acute. Liebknecht was liberated from prison and in his honour a banquet was given in the Russian Embassy. On November 4 a demonstration took place in the Unter den Linden, just in front of the house of the Russian Embassy. Cheers were raised for Lenin, Trotsky and Soviet Russia. During the demonstration I was standing at the window in my room in the lower storey of the Embassy, looking out on the street. A policeman on horseback was stationed close to the window. A few officials had put up small red flags on some of the lower windows of the Embassy, but when the Ambassador was informed of it he gave instructions to remove the flags immediately and to shut all the windows of the Embassy building.

In the afternoon of November 5 I was in the Bristol Hotel, Unter den Linden, where I had a business discussion, when suddenly in rushed my secretary, deathly pale. He had just heard that the Russian Embassy with all its officials, advisers and the entire staff was to leave Germany on the following morning. The news came like a thunderbolt from a clear sky. I immediately betook myself to the Ambassador, who confirmed the news, informing me that the expulsion had been insisted upon by the Allies. When I asked the Ambassador for instructions where I was to remain with my secretary and book-keeper, he replied that both the secretary and the book-keeper would have to return to Moscow, but as for myself, he would let me know to-morrow whether I was to return to Moscow or go to Copenhagen. There was no doubt, thought Joffe, that the diplomatic relations just broken off would soon be

resumed, and that in the meantime it was very likely that I could work for the Russian commercial representative in Denmark.

On November 6, at nine o'clock in the morning, I knocked at the Embassy gate, Unter den Linden, was admitted by the porter and saw a picture which produced an everlasting impression on my mind. The floor of the large bureau in the lower storey of the Embassy was littered with torn papers, journals, manuscripts and a medley of odds and ends. There was not a soul of the Embassy staff in the house. On instructions received from the Foreign Office the Ambassador himself and the entire staff had precipitately left Berlin from the Friedrichstrasse railway station in the direction of Eydtkuhnen. Originally the Russian Ambassador had been informed by the German Foreign Office that he was expected to leave Berlin with his entire staff in the evening of November 6. On the previous evening, however, at 11 p.m., police had come, and stationing themselves at all the entrances, requested the Ambassador to leave Berlin as speedily as possible, accompanied by all the officials present. Joffe was allowed only six hours to put in order all the belongings and documents of the Embassy. With a feverish activity they had worked in the Embassy from 11 p.m. to 5 a.m., packing up all important documents and deeds and destroying everything superfluous and unimportant. The entire staff had also, at the same time, to pack their own things so as to be ready for the journey. At dawn, on November 6, the staff left the Embassy for the Friedrichstrasse railway station, where a train awaiting them immediately started off in the direction of Eydtkuhnen. The way from the Embassy to the railway station was guarded by police, who barred the streets so as to prevent possible demonstrations.

During the forenoon I settled several matters in connection with the Union Bank and returned to the Embassy. There I was informed that instructions had come from the Foreign Office for all the experts, officials and all the other members of the staff employed in the Embassy but who did not live in the building itself to leave for Russia at 8.30 p.m. from the Charlottenburg station. I returned to my boarding-house, which was also in the Unter den Linden, and found awaiting me a letter signed by Colonel W., Vice-Consul of Soviet Russia, wherein I was requested to be at the station at 8.30 with all my luggage, ready for the journey. I told my secretary and my book-keeper to be in time at the station, ready for the journey to Russia, but personally I was faced by a difficult problem. The Ambassador being no longer in Berlin, I was unable to get his instructions with regard to my possible departure for Copenhagen. Had I gone to Denmark without Joffe's permission, I might have given the impression that I was shirking a return to Russia. I therefore decided to travel with the others.

Return to Moscow. Arrest at Borissoff

At eight o'clock in the evening I was at the Charlottenburg railway station, where I already found all the other experts, advisers and officials employed in the Embassy. Two representatives from the German Foreign Office were present, questioning the arrivals and checking their names on a list in their hands. We were stowed away in second-class carriages and off we went on our involuntary journey. This special train stopped neither at the Zoological Garden, nor at the Friedrichstrasse, the Alexanderplatz or the Silesian railway station, but travelled directly, stopping only at Insterburg early on November 7. The station was completely isolated by soldiers in steel helmets, while on the platform only

railway officials were to be seen. I was allowed to send off to Berlin an official wire in German, and a few minutes later the train steamed away from Eydtkuhnen on its way to the Russian provinces occupied by German military.

At the moment of our departure from Berlin I had already been feeling unwell, and in the train I fell seriously ill, with a high temperature. At the station of Minsk, then occupied by the Germans, our train overtook that of the Ambassador and his staff which had preceded ours. We were all placed in the Ambassadorial train, but I can scarcely remember the details, as I was very ill then and was carried in a semi-conscious state from one carriage to the other. The journey continued, and in the night of November 7 we reached the station of Borissoff, also occupied by the Germans.

Here we made a halt, expecting to proceed to Moscow in the next few days. It turned out, however, that for some reason the Soviet Government was still detaining at Moscow the German Consul Hauschild, together with the staffs of the Embassy and of the Consulate, and the German Government would allow our train to proceed only under the condition of our being exchanged for the German Embassy staff. Those were days of waiting and hoping, of guessing when we would be allowed to continue our journey. Our train consisted of five carriages, two second-class and three third-class, in which 106 people had been accommodated. The carriages were very old, very dirty, and deprived of all comfort. Being ill, I was accommodated in a small second-class carriage, together with engineer R. L., a former director in the Ministry of Commerce and Industry, and at that time expert for naval and marine questions in Joffe's Embassy. The women and children were also put up in the second-class

carriages, while the majority of the men, especially the younger ones, were all placed in the third-class carriages. Guarded by elderly soldiers of the "Landsturm," we were practically under arrest, although we were allowed to take walks as often as we wished round our carriages but within the cordon of the sentries. We were, however, strictly forbidden to go a step outside the cordon. Twice a day, at 1 and at 7 p.m., we were led in small sections and under escort to the buffet of the station at Borissoff, about five minutes' walk away, where we got our meals. At nine o'clock in the morning we assembled in one of the third-class carriages for our morning tea. Hot water to infuse tea was placed at our disposal and bread was distributed.

In our train there was a representative of the German Foreign Office, Count Saurma, a very young man. He was quite amiable, but unable to grant our request for better treatment. The Ambassador was offered the opportunity of directly communicating with Moscow by wire, a permission of which he made daily use. At first we had hoped that the whole matter would only last three days, but our sojourn was being constantly prolonged, and it was only on November 22 that we were finally informed that we could proceed on our journey.

In the evening of the 22nd our train started off for the neutral zone in the neighbourhood, but it soon came back, as it turned out that Hauschild and the German staff had not yet arrived in the neutral zone. In the morning of November 23 our train once more went off in the direction of the neutral zone. It was about eleven o'clock a.m. when the exchange began. In the neutral zone stood our own train and two others which had just brought back from Moscow Hauschild, his staff and all the other Germans, altogether several hundred persons. The trains were

standing close one against the other, guarded on both sides by soldiers, carrying hand grenades. And now the exchange began.

In the foremost line walked Consul Hauschild, accompanied by a representative of the Russian Foreign Office, and followed by his staff. To meet him came Ambassador Joffe, accompanied by Count Saurma and the Embassy staff. This historical encounter lasted some time, and it was only at one o'clock p.m. that our train steamed away in the direction of Orscha.

This time our train consisted of very good Russian second-class carriages and a saloon-car for the Ambassador. When our train began to move our eyes beheld an extremely sad and unforgettable sight.

Germany had brought back the Russian prisoners of war as far as the neutral zone, where she had abandoned them to their fate, while on the Russian side no steps had been taken for the reception of the Russian prisoners of war close to the neutral zone. And thus the men were compelled to walk a distance of thirty to forty kilometres as far as the next Russian railway station, trudging in the dark and exposed to the rigours of winter, to cold and frost. An endless procession of haggard and tattered prisoners of war, wrapped up in the most extraordinary garments, was walking along on both sides of the railway track over which our train was travelling. It was bitter cold, and we saw men clad in thin trousers, without coats, wrapped up in bright blankets with blue shawls on their heads. It was a cruel, fantastic, heartrending sight. I had been invited into the Ambassador's saloon-car where tea was being served, when suddenly I saw a hand appearing against the window of the carriage. A prisoner of war had jumped on the moving train, and clinging to the saloon-car had thus been hanging on for

some time. There was nothing else to be done but to take the man in, as he was otherwise in constant danger of losing his hold, falling down and being run over by the train.

At the next station sick prisoners of war implored us to take them into our train. Terrible curses and imprecations were hurled at us, but our train was already overcrowded and consisted of only a few carriages, so that we could not have found accommodation for more than a few individuals. Had we, however, taken in one of them we ran the risk of seeing our train rushed by the crowd. We proceeded and had to pass a station where, as we knew, a vast crowd of prisoners of war had assembled. The commandant of our train took the utmost precautions. Soldiers carrying hand grenades were stationed at all the entrances of the carriages, and the train passed the station at a slow pace. It had, however, to stop nevertheless: some of the prisoners of war, having posted themselves on the rails, compelled us to pull up. It required long negotiations between the commandant of our train and the prisoners of war before the men could be induced to allow our train to pass. A solemn promise was given to the prisoners of war that as soon as we reached Orscha we would do our best to send them help and to have them taken on their way home.

When we reached Orscha our train was solemnly received by the members of the Communist Party in the town who entertained us all.

On November 24, in the afternoon, our train reached Moscow. The Ambassador and the Embassy staff proceeded to a house in the Povarskaya Street which had been assigned to them, while all the others had to look out for themselves and find quarters. On my arrival I went to some relatives, where I stayed.

CHAPTER IV

Revision of the chief office of the State Bank. Revision of the Textile Trust. Journey abroad.

ON the day following my arrival in Moscow I went to the Commissariat of Finance, reported myself to Krestinsky, the Commissary for Finance, and was appointed official for special commissions at the Commissariat of Finance. In this capacity I received instructions to reorganize the chief office of the State Bank, a task upon which I was engaged until the end of December 1918.

In January 1919 the Government appointed a special commission for the purpose of enquiring into and reorganizing the Syndicate of Russian Textile Factories ("Centro-Textil"), and I was appointed (much against my will) a leading member of this commission. Very frequently I acted as the deputy of the Communistic President and practically had to bear the burden of the entire work. My activity had but little attraction for me, because, considering the existing conditions, I did not believe in the possibility of actually reorganzing such a motley concern. I naturally, however, did my duty and succeeded in enlisting the services of about fifteen capable engineers and merchants as collaborators on the commission.

A few lines will suffice to give an idea of the lack of system and of the superfluity and waste of human material which were then prevailing.

With two of my collaborators I started the enquiry, beginning with the chief of the "Central Section of the Permanent Staff" in the "Centro-Textil." I asked him first: "How many employés have you here?" to which he replied:

"About 5,500."

"You are chief of the personnel," said I, "and are bound to tell me exactly the number of your employés at this moment. An 'about' I cannot accept."

He explained that to his regret he was unable to give me at the moment the exact number.

"What else are you doing? All you have to do is to keep the register of names of the staff, and the books concerning them, to compile for the end of every month the wages sheets and to control the expenses for journeys and otherwise. How many people do you employ in your secretariat?"

"Six."

"All right."

Thereupon I turned to a woman clerk and asked her:

"What are *you* doing?"

"I am keeping the books of railway passes," was her reply.

"Now please, sit down," said I, "and write calmly and slowly the following lines: 'Comrade Nicholas Alexandrovitch Petroff hereby receives a pass to travel from Moscow to the town of Ivanovo-Vosnessenk for the purpose of inspecting the factory "The Red Lighthouse" and of checking the stock of finished textile goods, raw material and partly manufactured goods.' Are you ready? Very well, how long did it take you? Three minutes. What do you do with this pass?"

"I copy it into the book I am keeping."

"That takes you another three minutes. You thus require six minutes for one pass. How long have you been in this office?"

"Five weeks."

"How many passes have you written in these five weeks?"

"Ninety-one."

"That makes about three passes per day and eighteen minutes per day. Very well. What are you doing during the remaining six hours of your office work?"

I naturally received no reply to this question—and was not at all surprised. I had been prepared for it, and never expected anything else.

I knew that I had to do with people insufficiently clad, underfed, hungry and living penned up in the narrowest possible rooms, who were in the receipt of ridiculous wages and of whom one could not expect any serious work. The cause of the bad economic results, of the insignificant amount of work produced by the officials, was chiefly due to the conditions then prevailing and only in rare cases to the employés themselves.

Reproaches, rebukes, dismissal of individuals would have helped but little. The staff which, in consequence of the amalgamation of the textile factories and the textile commercial houses, especially in the Moscow district, had now become superfluous would simply have to go. As for the remaining employés, better conditions of life would have to be created for them and care taken that they received higher wages, higher rations (so-called "payok") of food, clothing and so on.

Under the then prevailing conditions, at the beginning of 1919, this was, however, easier said than done.

Without any transition the State had suddenly taken the place of private concerns. Officials and employés, thrown into the street in consequence of the nationalization of banks, of commerce and industry, pushed themselves with an elemental force into all the Government offices, into State and Communal institutions, into trusts, syndicates,

combines, and all other economic organizations newly created by the State.

Everybody was anxious to obtain a post, no one wanted to starve or to be counted among the "parasite strata" of the population, among the "unproductive" elements. For the majority of intellectuals, of former bank officials, commercial or industrial employés, service in the employ of the Soviet was then the only way out. For the former merchant or employé, for the intellectual who did not belong to the Communist Party, the only soul-saving Church, the proof that he was a Soviet official was the only effective political protection.

To this must be added the circumstance that the Communist Party, as the Government Party, was naturally anxious to fill the Government posts with members of the Party, so as not to have to rely on a staff standing entirely outside the Party.

The result was a superfluity and superabundance of human material in the various offices, particularly in Moscow, the new seat of the Government.

Journey abroad

My activity in the "Centro-Textil" offered me but little satisfaction. I was therefore glad when at the beginning of February 1919 engineer R. L. visited me in Moscow and informed me that he was going to Finland with a commission from the State. He suggested to me to accompany him in the capacity of his official adviser. The journey was to last two or three months. I accepted his offer with pleasure, as I was suffering under the conditions prevailing at Moscow and was anxious to leave for at least two months.

I addressed myself to Krestinsky, Commissary for Finance, asking him to grant me a few months' leave and to lend me to the Commissariat of Com-

merce for an official journey to Finland. Krestinsky granted my request and wrote to this effect to Krassin, Commissary for Commerce. The latter, who was occupying two very modest rooms in the Metropole Hotel, was quite ready to send me with engineer R. L. as the latter's adviser. Krassin told me that engineer R. L. was going to Finland on behalf of the Chief Paper Administration (Glavbum) to order technical material and accessories required for starting and further extending the work of the paper mills, and that the orders amounted to the sum of £20,000. Krassin laid stress on the necessity of carrying out the commission with all possible speed and requested me energetically to support engineer R. L. in this direction.

At that time Soviet Russia was hermetically shut off from the outside world. Diplomatic relations with European countries and particularly with the neighbouring States had been entirely broken off. Nor did diplomatic relations or any other communications with Finland exist at that time.

Under such conditions a journey to Finland was a somewhat daring enterprise.

In spite of this, we left Petersburg on March 2, 1919, for the Finnish frontier, situated at less than an hour's journey. The Finnish frontier authorities, however, requested us to leave Finnish territory and to continue our journey to Åbo in Sweden on a Finnish steamer. We were naturally compelled to comply with this request, and on March 5 we reached Stockholm.

In accordance with the instructions received, engineer R. L. ordered the required technical material in Sweden instead of in Finland—and our task was thus accomplished. There could be no question of our returning to Russia, the Soviet Republic

being still blockaded and all frontiers remaining closed.

Unable to find any employment in Sweden, I decided to proceed to Germany. I received the necessary permission to enter the country, and in June 1919 I left Stockholm for Berlin, where I was soon lucky in finding a post in a bank.

CHAPTER V

Russian Railway Mission abroad: Berlin–Stockholm. Conclusion of a contract for locomotive engines.

IN the spring of 1920 the economic and diplomatic blockade enclosing Soviet Russia as with an impenetrable wall had been somewhat loosened.

In April 1920 Krassin, the Commissary for Foreign Trade, accompanied by a large delegation, proceeded to London, where he endeavoured, as far as possible, to renew and extend economic and diplomatic relations with England and other European States.

On his way to London Krassin made a stay in Sweden and Denmark, and on May 15, 1920, he concluded a contract at Copenhagen with the authorized representatives of a Swedish locomotive engine works. The contract was only a general arrangement for the delivery of one thousand locomotive engines, a contract of a purely preliminary character, containing neither technical nor commercial details.

After the conclusion of this arrangement Professor George W. Lomonossoff, a well-known specialist in railway matters and the construction of locomotive engines, was sent to Stockholm on a special mission to conclude a definite and detailed contract with the Swedish locomotive factory in question and to see it carried through.

In August 1920 Lomonossoff came to Berlin to negotiate with the Union of German Engine Factories for the delivery of locomotive engines, and on August 18 I made his acquaintance at a business meeting.

Having received unlimited powers from his Govern-

ment, Lomonossoff proposed to me to collaborate with him in the capacity of legal and financial adviser. I readily accepted his offer, as it meant a very big and interesting task.

Lomonossoff had been instructed by the Soviet Government to order for Russia one thousand new locomotive engines and all the railway material appertaining to them. It was an order to the amount of twenty to twenty-five million pounds sterling, such as had not been placed on the market for years.

The locomotive engine industry in Germany—where many factories were at that time inactive—was most keenly interested in securing at least a part of the order. The chief difficulty lay in the question of how to finance the business. At that time Soviet Russia, encircled on all sides, was in a state of economic and diplomatic isolation, having no diplomatic representatives either in Germany or —with insignificant exceptions—in other European countries.

In placing the order, Soviet Russia could not count upon the smallest credit and was obliged to pay in cash. Her only mode of payment had to be gold, in coin or ingots. The import of Russian gold into either England, France or the United States was then strictly prohibited. If Soviet Russia was therefore to pay in gold in Germany itself for the locomotives bought in that country, there was the danger of the Allies confiscating the Russian gold. A way out had therefore to be found in order to ensure the safety of the Russian gold delivered by Soviet Russia. It was consequently decided to deposit the Russian gold in Sweden whither it could be shipped from Reval without any difficulty. Russia had no diplomatic relations with Sweden but with Esthonia (Reval).

Towards the end of September 1920 I went to London with Lomonossoff with a view to obtaining Krassin's consent to the above plan. Although Krassin did not believe in the possibility of carrying it out, he had nothing against our beginning negotiations in Stockholm. We obtained the necessary *visas* in London, and on October 2, 1920, went by steamer from Newcastle to Gothenburg. In Stockholm we energetically started our negotiations with important Swedish banks, manufacturers and also Government departments.

Conclusion of the contract for locomotive engines

After a good deal of trouble the negotiations met with the desired success. On October 22, 1920, a contract was concluded between the "All-Russian Union of Consumers' Societies" ("Centrosoyus") in Moscow, represented by Professor Lomonossoff, on the one side, and the board of directors of the Swedish locomotive engine factory in Stockholm, on the other, for the delivery of 1000 engines with tenders at the rate of 230,000 Swedish crowns per engine and tender. Of these engines 800 were to be built in Germany in various factories and 200 in Sweden itself, in the factory at Trollhättan.

The question of financing the order was settled by an arrangement with a bank at Stockholm which undertook to pay the individual German manufacturers against the guarantee of the Russian gold deposited with the bank. All the contracts were concluded on the condition of their subsequent approval by the Soviet Government in Moscow.

On October 21 Professor Lomonossoff left for Moscow via Reval, for the purpose of inducing the Soviet Government to give its consent to the concluded contracts, while I remained at Stockholm to prepare for their execution. On November 20

Lomonossoff, accompanied by six Russian railway engineers, returned to Stockholm and informed me that the Council of the People's Commissaries in Moscow had ratified the contracts. On November 5 he had also received from the Council the necessary full powers according to which a Russian railway mission abroad, with its seat at Stockholm, was to be established, of which he was appointed Chief. Lomonossoff likewise told me that I had been officially nominated as his first deputy and legal and financial adviser, while Professor Vladimir Frehn was to be his second deputy and technical adviser.

The gold required to carry out the contracts had already arrived in Reval, but as Krassin, the Commissary for Foreign Trade, then sojourning in London, had protested to Moscow against the contracts, a large portion of the gold was being held back.

Professor Lomonossoff was now in a rather difficult position. On the one hand, he had concluded the contracts in the name of the "Centrosoyus," in accordance with powers conferred on him, and obtained the subsequent ratification by the Soviet Government, while, on the other, he met, at the last moment, an unexpected opposition in the person of Krassin who refused his approval of the contracts. Krassin's standpoint was that anyhow the engines ordered in Germany would never be delivered to Soviet Russia, as the French Government, through an interpretation of the Treaty of Versailles to suit its purpose, would manage somehow to lay its hands not only on the engines built in Germany but also on the gold deposited in Sweden.

There was only one possibility of convincing Krassin and that was to travel to London, show him all the contracts, and in an exhaustive personal

report explain to him and justify the details of the deal. Considering the fact that I was responsible for the legal wording of the contracts, Lomonossoff entrusted me with this difficult task. We had also to reckon with the fact that should the final ratification fail to reach Stockholm by December 18, 1920, the Swedish bank would have a right to withdraw altogether from the contract it had concluded.

Speed was imperative, and on December 12 I left Berlin for London. On the 14th I had my first interview with Krassin. The reception I met at his hands was rather rude, and he asked me what I wanted and why I had come. I told him that I had come by order of Professor Lomonossoff and that I had brought with me all the contracts which I was anxious to submit to him and to justify in detail.

"I know the contracts," said Krassin. "For such contracts both yourself and the Professor ought to be shot."

"It is lucky, Leonid Borissovitch," I replied, "that you are telling me this in London and not in Moscow, but, in any case, first hear me out; you will have plenty of time for the shooting afterwards."

I insisted on Krassin giving me three full hours, and I clearly and exhaustively explained to him and justified all the extremely complicated contracts. I showed him why, compelled by circumstances, we were obliged to accept every clause in the contracts as it was worded and not otherwise. Krassin knew full well that two big Powers were said to have made representations to the Swedish Government through their respective Ambassadors and to have tried to stop the conclusion of a contract which would place with German manufacturers an order for the construction of eight hundred locomotive engines. Krassin also knew that on our side we had to argue with and impress both Branting, the

Swedish Premier, and the Swedish Ministries for Foreign Affairs and for Commerce, and to convince the Swedish Government of the genuine character and economic necessity of our contracts.

When I had finished my report Krassin said:

"Very well, I see now that under the circumstances you could not have acted otherwise."

I asked him to confirm in writing that he consented to the final signing of the contracts, but he still hesitated. He wanted first to ask by wire the opinion of a personal friend, Solomon, the commercial representative at Reval. On December 16 I called again on Krassin and asked him whether he had received the expected reply from Solomon at Reval.

"No," said Krassin, "no answer has as yet come, but you need not worry, you can return to-day to Berlin, and rest assured that I will wire to Lomonossoff and send him my consent."

To this I replied that I was not going to leave London before he had signed his ratification in my presence. This consent, if it was to be given at all, should be given at once, as our definite promise had to reach the bank in Stockholm not later than December 18.

In spite of my urgent and compelling arguments, Krassin had only reluctantly given his consent to the contracts, and he asked me to call again in the afternoon. I did so, but although no answer from Reval had as yet come, Krassin finally decided to give his consent. When I had his signature in my hand I said:

"And now, Leonid Borissovitch, what about the shooting?"

"Don't talk nonsense," he replied roughly.

"Unfortunately, it is no nonsense at all," I retorted. "Had our conversation taken place in

Moscow, things might have had quite different results for me."

"Why on earth," said Krassin, "are you breaking a lance for Lomonossoff? It is you in reality who have drawn up the contracts. You, and not Lomonossoff, are the spiritual father of these contracts, and without you he would never have been able to manage the affair."

"I am not working for Lomonossoff," I replied, "I am working in the interests of the matter. I am not competent enough to judge whether from a technical point of view the engines ordered will meet the Russian requirements, but Lomonossoff is everywhere considered as an authority on questions of locomotive construction. I have been able to convince myself of this fact also in Germany, and I therefore firmly believe that the technical part of the business is unobjectionable. That both the gold deposited in Sweden and the engines constructed in Germany will not be seized, I have proved to you. You have also been able to convince yourself of the fact that the contracts are in every sense safeguarding the interests of the Soviet Government. As for the economic necessity of the engines for Russia, you are no doubt certain of it, as otherwise you would not have given me to-day your consent to the contracts. I can now leave here quite reassured and proceed with the carrying out of the contracts."

We said good-bye in a friendly manner, and Krassin smilingly made the final remark: "As the matter has now been definitely settled, proceed with it as energetically as possible. I wish you the best success." I immediately returned to Berlin and Lomonossoff wired the Swedish bank in Stockholm, informing it that the consent had been given. The contract for the locomotive engines had thus been finally settled.

The Swedish bank, which had in its safes the Russian gold, was now faced by a problem which proved exceedingly difficult in those days, namely that of gradually disposing of the gold. As I have already mentioned above, the import of Russian gold into England, France and the United States was then strictly forbidden. Krassin in London had, however, received from Spain and Italy several enquiries with regard to the purchase of Russian gold. We had therefore to ascertain from what source these enquiries emanated, it being quite clear that Spain herself was in no need of gold, certainly not of gold in such quantities.

Acting upon instructions received from Krassin and Lomonossoff, I proceeded to Spain and Italy in the beginning of January 1921, conferred with various banks and importers of precious metals and ascertained that all the enquiries coming from Spanish and Italian firms had in reality emanated from an important house in Paris, trying to acquire the Russian gold in this roundabout way.

Towards the middle of February 1921 I returned to Stockholm and reported on the results of my journey, but here I found an entirely changed atmosphere. Intrigues against me, started chiefly during my absence, had been set on foot, rendering a further useful activity on my part quite impossible.

Lomonossoff had in the meantime surrounded himself by a number of old and new collaborators whom he had engaged for the Railway Mission. He had also appointed his wife as secretary of the Railway Mission in Stockholm. The excellent relations which had hitherto existed between Lomonossoff and myself were now troubled, and the atmosphere of mutual confidence and friendly collaboration disappeared.

Although officially his first deputy I now appeared to him as being too independent and active. As a former Excellency in the railway service of Tsardom, he had been accustomed to be surrounded by submissive officials, while I myself often found it necessary in the course of my work to disagree with him on business questions and to prove to him that my opinion was the right one. It was, of course, a gratifying circumstance that Lomonossoff was of those people who are always ready to be convinced by facts, but it was perhaps none the less unpleasant for him to have to rely on me in important legal, financial and commercial matters.

Lomonossoff's entourage represented to him my activity as being in a certain sense a sort of tutelage and thus, thanks to the intrigues of a third party, there yawned between us a gulf which could no longer be bridged over. Towards the end of February 1921 I thus saw myself compelled to resign my post.

CHAPTER VI

Appointment as Deputy-Chief of the Currency Administration in Moscow. Departure for Moscow.

AFTER resigning my post in the Russian Railway Mission, I retired into private life.

Towards the end of May 1921 N. Krestinsky, Commissary for Finance, came to Berlin. I visited him several times and acquainted him with all the details of my activity in connection with the Russian Railway Mission.

After a thorough and exhaustive conversation he suggested to me to come to Moscow where I should occupy a prominent post in the Commissariat of Finance. At that moment, however, in the summer of 1921, I could not yet make up my mind to accept his offer. Considering the politico-economical tendencies which then prevailed, at the time of the so-called War Communism, I could see no field for any productive activity.

In January 1923 I had another lengthy conversation with N. Krestinsky who had by then been appointed Ambassador to Berlin.

Political conditions in Moscow had in the meantime changed. A movement to the Right had been effected. It was the era of the "New Economic Policy," of the reconstruction of industry and commerce, of banking and the entire economic life of the country. A vast field was now being opened for constructive work. On March 10, 1923, N. Krestinsky, having consulted Moscow, offered me, in the name of Sokolnikoff, the People's Commissary for Finance, the very responsible and to my restless activity highly congenial post of Chief of the Currency Administration in Moscow.

The Currency Administration was a newly established department of the Commissariat of Finance whose duty it was to direct the currency policy of the country, to take in hand the reconstruction of banking and credit, to re-establish the savings banks system, to carry through domestic and foreign loans, and also to administer the funds belonging to the State. It was a vast field for work which was thus being controlled by the Currency Administration. The Mint in Petersburg, the State Treasury ("Gochran") in Moscow, the State printing office for the production of State papers and bank-notes ("Gosnak") in Petersburg, the Assaying Office and all the departments connected with it stood under the direct supervision of the Currency Administration. The department had charge of all banks, credit institutions and savings banks, and also had to occupy itself with the financing of the gold and platinum industry which was just now coming to life again. The activity of the Currency Administration thus extended over even a wider field than did the former Russian "Credit-Chancery" in Petersburg, which used to raise all the foreign loans of the country, administer the National Debt and control the banks.

I accepted the offer, but considering the shortage of apartments in Moscow, I made one condition, and that was that a small apartment of two furnished rooms should be placed at my disposal. I was quite aware of the fact that the Soviet Government was paying only very small salaries. In 1923 the People's Commissaries were in receipt of a monthly salary of 210 gold roubles (£21), besides an apartment. In my capacity of Expert I was allowed a monthly salary of 310 gold roubles (£31).

Departure for Moscow

On March 24, 1923, I left for Moscow, accompanied by my wife. I had not been in Russia for over four years, knew the further development of the country only through the newspapers and was naturally anxious to learn what reality would be like. In Riga we took a Russian train which brought us to Moscow in thirty-six hours. At Ssebesh, on the Russian frontier, I gained the impression of a strict discipline ; the soldiers were well clad, the behaviour of the Customs officers was correct and courteous. All the way from Berlin we had actually been travelling in the company of a Russian diplomatic courier. We had a lot of luggage, as I had erroneously imagined that in my official position I should have to fulfil many representative duties. In the train we made the acquaintance of a few high Soviet officials, among others of Taratuta, then chief of the Russian Textile Industry. Taratuta had a lively conversation with me and invited me, immediately after my arrival in Moscow, to give a lecture on the European Financial and Economic Policy in the " Dyelovoy Club," where the representatives of the economic organs of the Soviet Government were in the habit of meeting. I was extremely reserved and very laconic in my replies.

At one o'clock in the afternoon, on March 28, we arrived in Moscow at the Windau Station. As the Commissariat of Finance had been informed of my arrival, both by letter and by wire, I fully expected to find a motor-car of the Commissariat of Finance awaiting me at the station. I went out of the station to the stand in front, but saw no motor-car whatever. I immediately 'phoned the Secretary of the Commissariat of Finance, informing him that I was at the

station, and requested him to send at once a motor-car and the name of the hotel where rooms had been reserved for me. He promised to do so at once, explaining that the delay was due to the fact that he had had no knowledge of my arrival. I waited in vain for another hour. My wife and myself, surrounded by our luggage, sat in the waiting-room, and a few people had gathered around, gaping at the foreigners. In order not to waste time, we took a meal in the modest station restaurant. Once more I 'phoned the secretary who told me that the car had already left and was on its way to the station. Thus time passed and it was already five o'clock, but still there was no trace of any car, in spite of my repeated telephone calls.

The first impression of Moscow was thus but little encouraging. Here we sat and waited for events to happen. In the meantime a couple of cabmen approached us, and in the good-humoured manner peculiar to the Russians, said: "Barin (Master), you understand Russian, don't you? Do you really imagine that the car will ever come? The car will never come! Be sensible. It will soon be dark, and then you won't be able at all to leave the station. You had better take one of us and we will take you and your good wife to town."

I did not know what to do. The Moscow cabs are very narrow and can only with great difficulty accommodate two persons. As my wife did not understand a word of Russian, she could not possibly travel alone in a cab, but had to sit by my side. If, on the other hand, I put the luggage into another cab, Heaven only knew whether I should ever see it again. Besides, I did not even know where I was to put up. As it was growing darker and darker, I finally made up my mind to chance it and to drive to town with two cabs. Piling up part of my

luggage on one cab, I told the driver who I was, strictly bade him to drive constantly in front of me, and climbed with my wife into the second cab. It had meanwhile grown quite dark and it was nearly six o'clock, when suddenly a car turned the corner and stopped in front of the station. A man got out and asked me whether I was the new Chief of the Currency Administration. I answered in the affirmative, whereupon he said that he had been sent by the Commissariat of Finance to meet me and to take me to town. The cabmen were naturally furious, but he made short work of them, gave them each one rouble and told them to be quiet. The luggage was immediately stowed away in the large car.

I now asked the man where he was going to take us, to which he replied: "That's just what I don't know. At four o'clock they sent me out to look for a room for yourself and your wife, but I must tell you candidly that I have not found any room. I have not the slightest notion where we are to drive, but in any case, we are going into the town." We went at all events to the Savoy Hotel, but found no vacant room there. I produced all my papers, but they were of no avail, the porter telling me that he had no room. I took the car, and after calling at several hotels, was at last lucky in finding a room in one hotel which was called by the fashionably sounding name of "Paris." I produced my papers and met with success. The porter told me that he had one vacant room, but that it was rather expensive, as it cost thirteen roubles (twenty-six shillings) per day. "All right," said I. "I will take it for the present." The hotel had only been opened three weeks before and everything was new and clean. My room was very spacious, with three windows looking into the street, but furnished with a ridiculous scantiness. There was a big hole in the floor which looked

suspicious to me. During the night I started up; my wife had suddenly cried aloud: "Rats! Rats!" I reassured her; the rats had naturally come through the hole in the floor and I simply placed my large travelling-trunk over it.

On the whole the reception I had met with in Moscow had not been very inviting. On the following morning I visited the Commissariat of Finance where I learned that the Commissary for Finance had been taken ill, was for the moment in a sanatorium outside Moscow, and that he would not be able to receive me for at least another week. I called on the Deputy-Commissary, Vladimiroff, presented myself and asked him to introduce me to my work. Vladimiroff, however, replied gruffly: "Sokolnikoff has engaged you and it is he who will install you in your office. I will have nothing to do with this affair."

In the meantime I happened to meet in the street several good acquaintances whom I knew of old and who assailed me with questions, as to how it came about that after an absence of several years abroad I had suddenly returned to Moscow. At first I felt reluctant to speak out, but in the end I informed them that I had been appointed to a very high post in the Commissariat of Finance. I told them also what post I was occupying. Thereupon one of them, a distinguished lawyer, said: "I say, have you gone mad? What has come over you? Don't you realize that you have accepted a very dangerous post? Don't you know that only a few months ago sixteen people were shot dead in the Gochran?[3] And you are going to manage such a concern? Or have you perhaps joined the Communist Party?"

Another, an engineer, who was himself occupying a high post, that of an Economic Expert in the service of the Soviet in Moscow, described to me his own work, putting it in the worst possible light. He

plainly told me that the post of an Expert in the service of the Soviet was a heavy sacrifice. Only as a member of the Communist Party could one work with success in the service of the Soviet, having the Party to rely upon for support and protection in case of mistakes which might occur or of failure. Useful work was otherwise impossible for any length of time. He quoted several instances, described to me his own lot, telling me that he had been kept in prison for eight months on the ground of a ridiculous and unfounded accusation, but had ultimately been released. He was now once more in the employ of the Soviet, but was not at all sure that to-morrow or the day after he would not again be sent to prison on some equally ridiculous charge.

I refused to give any credence to all they told me. I assured myself that, my acquaintances being politically conservative and bourgeois, their opinions could not be authoritative for me. During the next days, however, I met various other people, doctors, bank officials, lawyers, Soviet officials and private persons belonging to the Left—and everywhere, with few exceptions, I met the same picture of complete submission, of a weary, fatalistic resignation to fate. I knew of the Russian system of surveillance and I refrained from striking up an acquaintance with private persons. I could not, however, avoid occasionally making the acquaintance of private people. Although they did not know who I was, the mere information that I had come from Germany to accept a post in the service of the Soviet Government was quite sufficient for the people unceremoniously to manifest their greatest surprise and astonishment. I fought energetically against the discouraging impressions which were overwhelming me, and refused to admit that I had evidently made a mistake, that the hope of a great and independent

constructive work with which I had left Berlin had been a mere illusion which was fading into naught at the touch of Moscow reality. Doubts, however, besieged me, and I gradually gained the impression that only an adherence to the Communist Party made productive work under Soviet conditions possible.

Having waited ten days, I at last made the acquaintance of G. J. Sokolnikoff in the sanatorium "Tchayka" near Moscow, and had a conversation with him which lasted over two hours. He produced upon me the impression of an intelligent, cultured, energetic and methodical man. I told him quite openly of my doubts and asked him whether he thought that under existing circumstances any work on my part was possible. Sokolnikoff did not take my doubts seriously and emphasized the fact that my informants had forced false impressions on me. There was no doubt whatever of my finding satisfaction in my work. In any case, he would do his best to smooth the way for me.

A few days later I visited Sokolnikoff in town and declared that after mature consideration I had decided to enter upon my function, but requested him to appoint me for the present—until I had accustomed myself to the prevailing conditions—not as Chief but merely as Deputy-Chief of the Currency Administration. "I may be mistaken," I said, "but I am of opinion that for such a high public post as that of Chief of the Currency Administration the protection and support of the Communist Party are absolutely imperative. Not being a member of the Party, I can lay no claim to such support, and I am therefore willing to curb my ambition and to begin my work in the capacity of Deputy-Chief." Sokolnikoff would not at first admit my reasons but ultimately gave in. By a decree dated April 28, 1923, I was thus appointed Deputy-Chief of the Currency Administration.

CHAPTER VII

Currency Administration in Moscow. State Treasury ("Gochran"). Crown regalia and Crown jewels. Gems and pearls. Church books. Ikons. Dispute with the Chief of the "Gochran." Church silver. Delivery of Museum silver to the "Armoury" in Moscow. Episode.

Currency Administration

WHEN I entered upon my post in the Currency Administration, where many former bank and financial officials, lawyers and other intellectuals were working, there were two Deputy-Chiefs: Sch., exercising *de facto* the functions of Chief, and Professor Y., a prominent specialist in questions of finance and currency.

In addition to these two a member of the Collegium of the Commissariat of Finance was the superior political director of the Currency Administration.

After a short conference with my colleagues I took over the management of all the commercial departments of the Currency Administration, the supervision of the Mint and of the State Treasury. I also became President of the Commission for the realization of State Securities, and took over the organization of the sale of platinum and the realization of the valuables (silver, gold, trinkets, precious stones) which had become the property of the State in consequence of the Revolution.

In the early days I was walking on slippery ground; I really had no support and not a single friend. The Communists treated me, as they did all the Experts, as a necessary evil, while the specialists, among whom there were very clever men, observed towards me an attitude of extreme reserve and expectancy. About politics I never spoke a word to either Communists or non-Communists.

Gochran

I turned my particular attention to the State Treasury ("Gochran")[4] which, on entering upon my post, I inspected very carefully for a few days. The Gochran was housed in the pompous but by no means elegant building of the Moscow Loan Office, erected in pseudo-Russian style about 1890. The building was situated in the centre of the town, in the neighbourhood of the Strastnoy Square, in the Natasjinsky Street 3.

The Gochran was the place where all the valuables of the State and all the available stocks of precious metals belonging to the State were stored, such as Crown regalia and Crown jewels, platinum, gold and silver in coin and bars.

The Gochran was also the reservoir where streams of precious metal and stones and other valuables—expropriated or confiscated by the State from the aristocracy, the bourgeoisie, the Church and the banks—poured in from the whole of Russia, including the more distant provinces.

Confiscated silver, gold, precious stones and pearls and sequestrated Church property had been accumulated in the Gochran in such enormous quantities as could hardly be conceived in Western Europe. I passed through the vast halls crammed on both sides up to the ceiling with all sorts of luggage-cases (trunks, baskets, boxes, satchels and so on). To all the parcels and packages labels bearing numbers were attached. The greater portion of all these parcels had not yet been opened or sorted, while a certain number had been superficially, so to say roughly, sorted, pending the so-called "detailed" sorting.

In order to convey some idea of the enormous task in store for the Gochran if the "sorting," that is to

say the examination of the contents of the parcels, was to be carried out rationally and minutely, I will here give the following data:

Up to July 1, 1923, there were in the Gochran: 17,319 parcels, the contents of which had not been examined.

2887 parcels which had been "roughly" sorted but which were still awaiting the "detailed" examination; among these were: 536 parcels of gold, 1405 of silver, and 896 of securities, documents, paper money and so on.

Total: 20,156 parcels.

These figures become even more impressive if one considers the fact that the Gochran, in spite of its employing a quite respectable staff, could not sort monthly more than 700 parcels "roughly," and 50 or 60 in "detail." But as, on the other hand, a monthly average of 400 new parcels was then pouring in into the Gochran, the latter was faced by a task which required a number of years to be carried out.

During my first inspections of the Gochran I noticed on the walls fire extinguishers, but a re-examination soon made it clear to me that the apparatus did not work, while the inspectors in charge of the rooms had not the slightest notion how to work the apparatus in case of fire.

I immediately took steps to set up a commission in which expert engineers participated and whose duty it was to examine the building of the Gochran, how far it was exposed to the risk of fire, and to make suitable suggestions to ensure the complete safety of the building.

The Gochran was, of course, being guarded very carefully by a detachment of soldiers (stationed in a house opposite).

The Crown regalia and Crown jewels

The Crown jewels of the Russian Court which had accumulated since the end of the seventeenth century and which were collected in great numbers by the splendour-loving Catherine II, were kept until the beginning of the war in locked steel boxes in the so-called "Diamond Room" at the Winter Palace in Petersburg. Only two or three persons were admitted to this room and to the jewels themselves, and this only on a written order from the Emperor.

The public were not allowed to see the Crown jewels and they were never inspected, nor was a scientific description ever made. Specifications only of the various objects for inventory purposes existed.

Immediately after the outbreak of the war (on July 23=August 5, 1914) the nine boxes containing the Crown regalia and Crown jewels were brought from Petersburg to the Grand Palace in Moscow. After a time they were taken to the Armoury in Moscow where they remained for years amongst other cases containing valuables. The nine boxes were sent in such haste to Moscow that no specification of the contents was drawn up and contained in them.

In March 1922 the boxes were discovered in the Armoury, and on April 10, 1922, after an Inventory and an Official Act had been passed, they were taken over by the Soviet Government.

A few days afterwards a Committee of Scientists and Experts was formed, and Professor A. E. Fersman was appointed President. This Committee passed a resolution to the effect that the Crown regalia and the Crown jewels were to be considered as national property, never to be sold or given away. This resolution was approved by the Soviet Government, and the nine boxes were transferred from the

Armoury to the State Treasury ("Gochran"), where they were deposited.

The Russian Crown regalia and Crown jewels are composed of 271 objects consisting of 406 separate pieces of jewellery. There are 52 objects dating from the period of Peter I and Elizabeth I, 110 objects dating from the period of Catherine II (1762–96), the remainder being from the period of the later Emperors.[5]

Amongst these objects are:

The Crown regalia (the Great Crown, both Small Crowns, the Nuptial Crown, the Imperial Globe, the Imperial Sceptre), the Crown jewels (7 chains, 23 stars, crosses and emblems, 12 diadems, 16 necklaces, 6 diamond necklaces (rivières), 56 brooches, 10 clasps, 185 hair-pins, earrings, buttons, rings, lockets, bracelets, buckles, etc., 7 loose stones, 19 gold snuff-boxes and 60 sundry gold trinkets.

Altogether the Russian Crown Treasury contains about 25,300 carats of diamonds, 1000 carats of emeralds, 1700 carats of sapphires, 6000 carats of pearls and many rubies, topazes, tourmalines, alexandrites, aquamarines, chrysoprases, beryls, chrysolites, turquoises, amethysts, agates, labradores, almandines, etc.

Among the Crown regalia the Great Imperial Crown ranks as the first object of note. It is a highly artistic piece of superior workmanship produced by Posier in 1762, and contains a large beautiful ruby weighing 402 carats. In the Great Crown there are diamonds the total weight of which is about 2900 carats. The small Imperial Crown dates from the year 1801.

In 1896, when the coronation of the late Emperor Nicholas II took place in Moscow and was attended by the Empress Alexandra Feodorovna and the Dowager Empress Maria Feodorovna (the Consort

of Alexander III) a new Crown, an exact replica of the old one, was made for the Empress, while the old Crown was worn by the Dowager Empress during the coronation. Both these Crowns are of the finest design, and are ornamented with very beautiful diamonds.

The Imperial Nuptial Crown dates most probably from the year 1840, but does not stand on the same artistic level with the Great Crown.

The Imperial Globe dates from the year 1784, and contains one sapphire of 200 carats and the Blue Diamond of 47 carats.

The Imperial Sceptre contains the famous Orloff Diamond.

Many of the Crown jewels, especially those of the eighteenth century, are of the finest design and most startling beauty. There are seven historical stones in the Russian Crown Treasury, viz:

A large emerald weighing 136 carats.
A large sapphire from Ceylon weighing 260 carats.
The large so-called Table Diamond.
A large chrysolyte weighing 192 carats.
A large ruby weighing 402 carats.
The Orloff Diamond and the "Shah."

The first four stones have no historical dates attached to them. The large ruby which adorns the Great Crown comes probably from Afghanistan. This stone was acquired in 1676 by Tsar Alexis Michailovitch in Peking through his Ambassador to China, Nicholas Spafaryi.

The famous Orloff Diamond which adorns the Sceptre was found at the beginning of the seventeenth century in Golconda, in India, and originally weighed 300 carats. This stone was recut at the request of its original owner, the Great Mogul Jehan Shah, thus obtaining its present shape and weighing now about 192 carats. This stone, as well as the

famous "Koh-i-noor," which is now in the English Crown, was formerly the property of the Great Mogul Aureng Zeb. Both these stones were seen in 1665 at his palace at Delhi by a French traveller named Tavernier. Afterwards both stones became the property of the Persian ruler Nadir Shah, who conquered Delhi in 1737. At that time the Orloff Diamond was called "Deryai Noor" (=the Sea of Light), while the other was called "Koh-i-noor" (=the Mountain of Light). The Orloff Diamond came in a roundabout way to Amsterdam, where in 1774 it was acquired for Catherine II by Prince Gregory Orloff for 400,000 gold roubles (about £40,000). In 1852 the "Koh-i-noor" became the property of the English Crown; it was recut, and now weighs 166 carats. The Orloff, which has retained its historical shape, may be considered as the largest and best-known diamond in the world to-day.

The "Shah," which weighs 88.7 carats, a long, yellowish diamond and only partly polished, was found before the year 1591. There are three Persian inscriptions engraved on the stone and one groove cut in.

The first inscription, dating from the year 1591, states that the stone belonged to Bourham Nizam II Shah, ruler of the province of Ahmednagar.

In 1595 the stone became the property of the Great Moguls who conquered the province of Ahmednagar.

The second inscription, dated 1641, states that the stone belonged to the Great Mogul Jehan Shah, the son of Jehangir Shah. In 1660 the stone came into the possession of the Great Mogul Aureng Zeb, the son of Jehan Shah, after the former's war with his father and his conquest of the throne. In 1665 this stone was seen by the French traveller Tavernier at the court of Aureng Zeb attached to the end of a cord

of diamonds dangling loosely from the canopy of the throne. In 1737 the stone came into the possession of the Persian ruler Nadir Shah. The third inscription, dated 1824, indicates that the stone belonged to the Persian ruler Fateh-Ali-Shah of the Kadjai Dynasty. In 1829 this stone was carried in state by a Persian delegation, headed by the Persian Prince Chozrev-Mirza, to the Russian Emperor Nicholas I as a "Token of Grief" after the murder of the Russian Ambassador in Teheran, the well-known writer Griboyedoff. Since that time the "Shah" has belonged to the Russian Crown jewels.

The Committee which was formed under the presidency of Professor A. E. Fersman has edited, after many years of careful study, a book entitled *Russia's Treasure of Diamonds and Precious Stones*, which was published in four volumes by the Ministry of Finance in Moscow in 1925 and 1926, and contains a detailed description of the whole Crown Treasury with numerous beautiful illustrations.

In 1922 the Crown jewels were valued by a Committee comprising expert jewellers. The jewels were not only estimated at their market value, but by their historical value, and according to this valuation the Crown Treasury represented several hundred millions of roubles. The selling value, however, was much lower.

The question of the sale of the Crown jewels had been raised on several occasions, but this project constantly met with insurmountable obstacles, owing to the fact that there were no buyers for the jewels as Crown jewels, while the diamonds would have realized, in the event of a sale, only a trivial part of their real value.

Immediately after my entering the service and taking over the supervision of the State Treasury, I examined first of all the Crown Treasury in detail,

and I satisfied myself that the objects were in perfect order and that every care had been taken. In June 1923 all the jewels were taken out of the boxes and their cases and placed on a large table in order to be photographed. The glitter and the abundance of colour produced by the sun shining on the diamonds presented a spectacle of unique beauty. There happened to be in Moscow a French jewellers' firm who wanted to buy diamonds, and as there was nothing ready for sale, it was decided to show them the Crown jewels.

The two Frenchmen inspected them and unanimously declared that they had no interest whatever in the acquisition of such jewels. They pointed out that the average buyer in the trade recognized only the market value of stones. Whether the stones came from an Imperial Crown or from the ring of a humble citizen they would be regarded in the same light. On the contrary, stones of old-fashioned cut (for instance of the eighteenth century) are disposed of with great difficulty, and very often can only be sold after being re-cut to meet modern requirements.

In the autumn of 1924 an English financial group applied to the Trade Delegation in London declaring that they were ready to buy several millions of pounds' worth of jewels. As the State Treasury had nothing to offer, the group was asked whether they would be prepared to buy Crown jewels. The reply, however, was that they were interested in commercial jewels and not in Crown jewels. It is therefore to be concluded that the Crown Treasure is most probably intact to-day. So far as my knowledge goes, the Crown Treasure is now being exhibited to the public in the same way as the English Regalia in the Tower of London.

Precious stones and pearls

In addition to the Crown jewels, which there was no question of selling, there were also in the Gochran the gems and pearls confiscated in the course of the Revolution from the population and the banks. These gems and pearls were being made ready for sale, i.e. sorted, weighed, registered and valued.

The halls where the gems (diamonds, emeralds, brilliants, rubies and sapphires) and pearls were being sorted were rigorously shut off from the other workrooms. All the men engaged on the work in these halls were compelled, after completing their task and before leaving, to strip naked and submit to a minute bodily inspection. In spite of these precautions small thefts occurred now and then. Thus one day, during my inspection, two big flat emeralds on which the image of a saint was engraved were brought to me. The stones had been found under a mat before the entrance door. It was thus evident that the thief had appropriated the emeralds, and had hidden them, in a moment when he was not observed, under the door-mat, in the hope of somehow smuggling them out of the building. His plan was frustrated, thanks to the very severe and, under the circumstances, absolutely necessary control.

Jewellers, too, engaged for the purpose, were chiefly working in the Gochran on the task of sorting the stones roughly. Thus diamonds, sapphires, emeralds, rubies and pearls were first arranged in corresponding kinds, which were then separately and minutely examined. The gems and pearls were then carefully sorted according to size, colour, flawlessness and other current and marketable qualities and placed in special sealed safes. It was extremely

difficult to sort the pearls, of which enormous quantities of the poorest kind had been accumulated in the Gochran. It may be safely assumed that there has scarcely ever existed such a collection of gems and pearls, both of the most valuable and of the cheapest kinds, as that which existed in Moscow at the beginning of 1923 before the big sales began. The sorting took place in small rooms where, besides the jewellers who were engaged on sorting the stones, were present two so-called "eye-workers." These two officials had nothing else to do but to watch with their eyes that no stone disappeared.

Service books

In the course of my inspection of the Gochran I came to a hall where I found a man engaged on the task of hammering off the silver binding from an old service book. I examined the book and found it to be an old service book of the seventeenth century. To my question how he came to be removing the binding from the book, he replied that he was doing it at the express command of the chief of the Gochran. He had been engaged on this task for months. Considering the very large size of the books and the fact that he had already hammered off a respectable number of them, a good deal of silver had thus been gained, in spite of the thinness of the bindings.

Generally speaking, Russian ecclesiastical art had never reached a very high degree of development. The vestments of the sacred images, usually made of silver, and the usual Church vessels were on a rather low artistic level. But the bindings of the service books had been wrought with particularly loving care by the best workmen of the time. Very often these bindings were inlaid with coloured enamelled medallions showing images of saints and other

ecclesiastical subjects. The removal of such bindings from the books was, therefore, in any case an unwarranted vandalism which ought not to have been allowed under any circumstances. The value of such silver bindings when melted down was in itself very small and altogether out of all proportion to the value, even as a piece of antiquity, of a service book in its preserved silver binding.

Ikons

I also found in several other halls a number of women engaged upon the task of tearing off one by one the pearls from the old pearl-embroidered coverings of ikons. The coverings did not at all contain valuable and choice, but mostly very cheap ordinary river pearls, the so-called "Bourmitskoye Serno." The women tore out these pearls one by one, washed them and sorted them on strings according to size. These strings were subsequently to be put on sale. In this manner hundreds of ikons were destroyed, very many dating from the eighteenth century, and a number of them even from the seventeenth. There is no doubt that the majority of the pearl-embroidered ikon-coverings were of slight artistic value, but they were in any case objects of a touching piety and always of careful, in most cases even of superior workmanship. The destruction of these ikons was, from every point of view, absolutely unjustified. On the one hand, the sale of the cheap river pearls, after deducting the expenses incurred by the work, would yield only ridiculous sums for the Budget, while, on the other hand, objects of value from the religious, the antiquarian, and sometimes the artistic standpoint were thus being hopelessly and irretrievably destroyed.

Dispute with the Chief of the Gochran

Shocked at this senseless work and firmly decided to put a stop to this vandalism, I had a short conversation with the Chief of the Gochran, comrade Nik., a man of about forty-five years of age: a workman and a trusty member of the Party, with a big political past. From the very first he looked at me with undisguised hatred, and to my question why the work above referred to was being done, he answered simply: "This is being done with a view to destroying Church property. That is the idea." It required only a few words to make me understand that a discussion with this man would be quite hopeless, and I therefore sent a written order to the Chief of the Gochran wherein I ordered him "to stop immediately the work of tearing off the silver bindings from old service books" and to proceed with much more urgent tasks which I specified.

On the following day, after receiving my instructions, Nik. called on my colleague Sch. and bitterly complained of my order. Sch. sent for me, and Nik. told me to my face: "I should not think of carrying out your order; it is absolutely counter-revolutionary. I am the former Premier of the Far-Eastern Republic, and am not going to be commanded by someone who does not belong to the Party." In my presence Sch. called his attention to the fact that Sokolnikoff had invited me to come to Moscow from abroad because, on account of my financial and other capacities and knowledge, I was doubtless the right man to prepare for and carry out rationally the classification and realization of the valuables accumulated in the Gochran.

I now tried, in the most courteous manner, to convince Nik. of the justness of my order. I told him, among other things, that a service book torn out of

its binding was worth almost nothing, certainly much less than when it retained the binding. I called his attention to the fact that in the Nikitskaya Street in Moscow there was a shop where officially and with the permission of the Soviet Government newly manufactured sacred vessels and vestments for the Greek Orthodox cult were being sold. If the Soviet Government, in spite of its fight against religion, did not deem it necessary to prohibit the acquisition of new sacred vessels and vestments by the devout, it was only natural that sacred vessels dating from the seventeenth, eighteenth and nineteenth centuries, as long as they were uninjured, should be carefully preserved so that they could be sold later on to Greek Orthodox religious communities. Anyhow, be it as it may, a destruction of these objects, even from the point of view of the Budget, was a crime. Thereupon Nik., looking at me with eyes full of hatred, said:

"I see. You mean to say that rituals and service books once torn out of their bindings are absolutely worthless? Now that is all right. Henceforth I will have all the service books torn out of their bindings, the silver bindings immediately melted down and the service books destroyed."

I replied that I was quite irreligious and belonged to no religious community. It was therefore ridiculous to imagine that when I issued the order I was actuated by any desire to support, for religious considerations, any definite faith—in this case the Greek Orthodox religion. Something quite different was at stake. Russian art, just as that of other nations, had first developed in the domain of religion, and all that we know since earliest times of Russian art was created, directly or indirectly, for religious purposes. Such are cathedrals and cloisters, images of saints and illuminated manuscripts, books and

silver bindings, vestments and chasubles, crosier and mitre, crosses and cups, silver-works and embroideries. It was therefore the desire or, more correctly, the duty to preserve whatever possible of Russian art that prompted me to issue the order.

Unfortunately, however, my arguments failed to convince Nik. He was absolutely hopeless. Sch. thereupon told him that he would either have to obey my orders or bear the consequences, as I had abundantly proved and fully convinced him of the necessity of my order. Nik. left us with the words: "Well, we shall see; anyhow this order is counter-revolutionary." After his departure Sch. said to me: "I would advise you to withdraw your order for the present. Don't forget that Nik. is an old and tried member of the Party, that he has not only been Premier of the Far-Eastern Republic, but was also President of a Revolutionary Tribunal and that his voice carries particular weight in the Party. From your own point of view you may be absolutely right in issuing the order, but I hardly believe that it is worth while courting such danger for its sake."

As I expected to go abroad on official business at the beginning of July 1923, I told Sch. that I was certainly not going to withdraw my order, because I was absolutely in the right, but that I would have to leave it to him to see my instructions carried out or not.

Church silver

As is well known, the Soviet Government had confiscated in 1922 the entire property of the Russian Church, which consisted of silver vessels, valuable service books, ikons and ecclesiastical vestments. It would serve no purpose at this time of the day to discuss the necessity of the measure, but anyhow, when I arrived in Moscow, I stood before a *fait*

accompli. The confiscated silver, pouring into the Gochran at Moscow from all parts of Russia, arrived in such enormous quantities that a large building in the Borovaya Street had specially to be vacated in order to store it. According to an estimate which I then received it must have been about 30,000 pouds, or 500,000 kilos, of Church silver which had arrived from all nooks and corners of the vast Empire.

It is true that by far the greatest part of this silver, especially that dating from the year 1830, had no artistic value whatever. The Administration of the Museums did everything in its power to sift from the huge mass of silver all that was most valuable from the antiquarian, artistic or purely historical points of view. The director of the Hermitage, Professor S. Troynitzky, arranged in the rooms of the Museum an excellent exhibition of the confiscated Church silver which was qualitatively of a high level. A new section, specially for Church silver, was also opened in the Armoury at Moscow, a museum particularly rich in silver plate. This collection numbers among its specimens particularly valuable, and for Russian art characteristic, pieces, in particular those emanating from the Solovetzky Monastery and from other old religious houses.

It may also be noticed with satisfaction that scarcely any pieces of artistic, historical or archæological interest have been lost from the silver confiscated from the Church. On the contrary, many sacred silver vessels which have lain for centuries in the vestries or in the treasuries of various monasteries have thus been brought to light and become the common property of science and art.

Sometimes, of course, sacred vessels and coverings of ikons arrived in the Gochran in an absolutely lamentable state. I have seen boxes opened which

contained large coverings of ikons simply doubled up or even bent fourfold, as their size did not fit into the box. The separate objects lay scattered and pell-mell—unpacked—and there was no trace of either paper or straw or of any other wrapper. Very often the silver sacred cups were inlaid with naive but artistically not uninteresting enamelled medallions, but as the majority of these medallions had been split off or smashed, the value of the cups had thus been reduced to a minimum. The boxes also contained valuable sacred service books in silver bindings with enamelled medallions which were often in a lamentable condition, completely battered or broken into splinters.

I was told by the Museum officials that in many cases it was just such smashed and bent objects or coverings of ikons that had a special interest. The Museum authorities had often to straighten the damaged pieces and bent coverings of ikons, to repair them and restore their original shape.

Delivery of Museum silver to the Armoury in Moscow

When I had worked awhile in the Gochran I learned that the representatives of the Museum Administration had already selected a number of silver specimens for the Museum, but that the delivery was being constantly delayed for one reason or another.

This Museum silver was stored in the Gochran. I got into touch with Madame Natalia Trotzky (the wife of the Commissary for War), who was then the director-in-chief of all the Museums in the country, and she wrote to the Currency Administration asking them to hand over to the Armoury the silver in question. To give some idea of the vast artistic and antiquarian wealth which had been accumu-

lated in the Gochran, I may say that the silver selected by the Museum weighed over 400 pouds (=6500 kilos). I thereupon gave instructions to the Gochran to hand over immediately to the Armoury the ancient silver.

The Armoury (Orousheynaya Palata), founded in the seventeenth century by the Moscow Tsars as an art-collection, is located in the Kremlin, and to-day it is undoubtedly the richest Museum in the world, as far as silver is concerned. The Armoury also possesses wonderful and quite unique collections of old tissues and brocades.

The transport of the silver was carried out under military escort, and the Armoury was to receive it from the representatives of the Gochran. Three days after the arrival of the silver in the Armoury, I was hastily summoned to the Kremlin, where the director of the Armoury informed me that the representatives of the Gochran were refusing to hand over certain specimens. It turned out that Nik., the chief of the Gochran, had ordered the two lower officials, whose duty it was to supervise the transport of the silver to the Armoury, not to hand over more than one specimen of similar objects. Nik. was of the opinion that that would be quite sufficient for the Museum. Thus when, for instance, two peculiar or artistically excellent silver candelabra were to be handed over to the Armoury, Nik.'s officials were instructed to deliver to the Museum only one candelabrum and to take the other specimen back to the Gochran.

As I was shortly to go abroad, and was moreover now sufficiently acquainted with Nik.'s attitude to the Museums, I could not run the risk of ordering the officials to disobey the instructions of their immediate chief. The transfer of this colossal quantity of silver, for each piece of which a receipt had to be

given, would take several weeks. I therefore suggested that the officials should pack up in special boxes all the objects the delivery of which to the Armoury appeared to be questionable, that is to say, all so-called identical objects. These boxes I labelled "boxes in dispute." On my return from abroad, I said, I would again personally examine all these objects and then decide the matter on the spot.

When I returned to Moscow towards the end of October 1923 and visited the Armoury, I found three immense boxes full of silver ware, the destination of which was questioned. I called my assistants from the Gochran, gave them a short instructive lecture on the conception of an artistic ensemble (it was chiefly a question of the delivery of six big silver ceiling lustres from the church at Fili), and told them that from an archæological and artistic point of view, I considered it absolutely necessary to hand over all the pieces to the Armoury. I explained to them at the same time that, apart from the expert and artistic reasons which I had just enumerated, the return of this silver to the Gochran would not serve the slightest purpose. The sale of old Russian Church silver dating from the eighteenth century was possible only at prices slightly above that of the metal when melted down. There were practically no demands for Russian silver on the foreign market, while hardly any market at all existed in this country, and, anyhow, none whatever for Church silver.

A few disputed pieces which were of no value for the Armoury, and the delivery of which the director did not at all insist upon, I returned to the Gochran. I thereupon asked all the officials present whether they had any objection to the delivery of all the silver in question to the Armoury, but no one raised a protest. I thereupon formally handed over

the silver in question to the Armoury and thus managed to avoid an unnecessary conflict.

An episode

From among the numerous daily occurrences I should like to relate the following remarkable episode:

One day the attendant appeared in my bureau and announced that Protoyerey[6] M. wanted to speak to me. I invited him to come in.

A tall lean man came in, dressed not in the robes of a priest but as a private person, in a long yellow raincoat.

"Are you the Chief of the Currency Administration?"

"Yes."

"I have come to you with a letter from the Metropolitan Antonine. I have already been to see the Chief of the Gochran, Comrade Gr., who sent me to you. We require episcopal vestments. We are not asking them for nothing, but are ready to pay for them. Of course, we cannot afford to pay for expensive gold-embroidered episcopal robes and we want only a simple, cheap vestment. In the Gochran you have a number of ecclesiastical and episcopal vestments, and I should like to choose one among them."

This was a fact, for during the sequestration of Church property and Church silver many vestments had been confiscated in the various sacristies.

Personally, I saw no reason why the request of the Metropolitan should not be granted, the more so since in Moscow itself, in an open shop in the Nikitskaya Street, new sacred vessels and ecclesiastical robes were being sold without any hindrance. I nevertheless rang up Gr., the Deputy-Chief of the Gochran, and asked him why he had sent the priest to me.

"Well," he replied, "in my opinion this is a political question, as hitherto we have not allowed

any sacred robes or sacred vessels to be handed over to anyone. If you will give me your order I will hand over the vestments, but without your order I will do nothing. In your place, too, I would not assume the responsibility for such an action."

"All right," I replied. "I see that the delivery of ecclesiastical vestments is a question of principle, and I will apply for a decision to the higher authorities."

I told the priest that personally I saw no obstacle in the way why the request of the Metropolitan should not be granted, but the matter was a question of principle. Hitherto no similar request had been made to the Gochran and neither sacred vessels nor vestments had ever been given out to anyone. I would, therefore, submit the matter to the higher authorities and obtain a decision on principle.

The priest seemed to be satisfied with the tone of my reply and said that he would communicate it to the Metropolitan. He thanked me for my friendly reception, and said that he understood perfectly well that, under existing circumstances, the granting of his request would have to be delayed, pending a decision on principle by the higher authorities.

I discussed the matter with my colleagues, but met with no favourable response.

I was urgently advised not to venture upon a campaign on a question of principle for the sake of such a delicate and hopeless matter. There was no doubt that the sale or delivery of confiscated Church property bore a political character, and the higher authorities were certain, for various reasons, to refuse their consent on principle.

Under these circumstances I let the matter drop, and the wish of the Metropolitan was not fulfilled.

CHAPTER VIII

Journey to Petersburg. The Mint. Registration of documents taken from the safes. The fortress of St. Peter and St. Paul. Museums.

ON June 2, 1923, I went to Petersburg on official business. The train from Moscow was excellent, and had an international sleeping-car. On my arrival in Petersburg I went to the Hotel d'Europe which produced an entirely European impression. After having been shut for a few years, the hotel had been put in order, and the food and service were above reproach.

The Mint

In Petersburg my chief task was to inspect the Mint, situated within the precincts of the fortress of St. Peter and St. Paul. The impression produced on me was a favourable one. The building itself and the fittings needed repair, but as the means hitherto placed at the disposal of the Mint was very scanty, only the most urgent work had been done.

After having been closed for several years, the Mint had only resumed its activity towards the end of 1921. It was under the control of engineer H., who had been a leading official of many years' standing in the former Mint.

The nucleus of the staff consisted chiefly of former workers in the Mint. Many of them who had left Petersburg during the years of famine, between 1918 and 1921, were glad to return to their accustomed work when the Mint was reopened. Both the workmen and the staff of officials in the Mint performed their task with zeal and devotion, and I had a feeling that a strong hand was managing the concern with experience and decision.

At that time the chief task of the Mint consisted in melting down all the silver that had arrived from Moscow and accumulated in Petersburg and in changing it into bars of refined silver. In addition to the Church silver, other confiscated silver (such as objects of daily use, table silver, silver plate, covers, cans, bowls, dishes, vases, etc.) was being melted down. The silver to be melted down was heaped up in large rooms near the smelting-room. In the largest of the rooms the heaped-up silver reached to the ceiling.

I took up at hazard many objects as samples and convinced myself that not a single one of these possessed any artistic or archæological value. There were, of course, in the heap various pieces dating from the eighteenth century, chiefly among the Church silver, but, considering the existing circumstances, it was impossible to save all the specimens from being melted down simply because they belonged to the eighteenth century.

I was, nevertheless, anxious to obviate the possibility of any piece of artistic or antiquarian value being lost, and in agreement with the Administration of the Museums, I issued an order, authorizing the Museum authorities to sift and examine, in the Mint itself, all the silver stacked in the rooms for the purpose of smelting. The Museum authorities hereby had a right to save from the crucible any object (viz. to the limit of not more than three per cent of the total weight of the silver to be smelted down). Such objects were to be taken away from the heap and stored in the Mint, to be more minutely examined later on.

That many ecclesiastical objects dating from the eighteenth century, but of no intrinsic value, were destroyed during the process of melting down could not be helped. Nor was it a regrettable fact that a

vast mass of silver plate dating from the latter half of the nineteenth century was lost. It was also impossible to avoid the melting down, in individual cases, of silver ornaments dating from the middle of the nineteenth century (such as hunting-scenes, horsemen, animals, and so on) which were very heavy, weighing perhaps three hundredweight, and had no artistic merit. All the usual mementoes, wedding presents, souvenirs, all the objects so popular in officers' messes, such as equestrian statuettes, goblets and so on, all the presents offered by Russian municipalities to the Tsars Alexander II, Alexander III and Nicholas II, on the occasion of their respective accessions to the throne, specimens dating from the latter half of the nineteenth century, often showed a downright grotesque lack of taste. The fact that such objects were being melted down constituted no loss from an artistic point of view.

There is no doubt that everything has been done to save from the crucible objects either interesting on account of their age or artistically valuable ; and it may be safely asserted that such objects have not been lost.

In addition to the Church silver and private silver plate, the Mint also melted down old Russian and foreign coins sent in by the Gochran. In this case also care was taken that no rare or valuable coins should be melted down. Two specialists in numismatics working in the Gochran were engaged on the task of examining the contents of every case and of picking out all the valuable coins.

At that time, i.e. in the summer of 1923, the Mint was coining silver coins of one rouble and fifty copecks, which were neither technically nor artistically creditable. The obverse of the coin showed the Soviet Star and the indication of the value, while the reverse exhibited the motto, "Proletarians of all

Countries Unite!" and the arms of the R.S.F.S.R. (hammer and sickle).

In order to carry out rationally and successfully the new standard of the Tchervonetz[7] which was then being introduced, it was necessary to bring into circulation a vast quantity of silver. To coin a small number of silver coins would have only resulted in their disappearing for ever from circulation. Although the Mint at Petersburg was working under high pressure, it was unable to produce the required quantity of silver coins, and energetic measures had therefore to be taken to increase the production, and eventually to entrust at least a portion of the required coinage to a foreign Mint.

On the other hand, while introducing the new standard, I endeavoured not to continue issuing the insignificant silver coin coined hitherto, but speedily to introduce a new coin of a high level both artistically and technically.

My discussions with the directors of the Mint and the technical Experts were therefore intended, on the one hand, to examine all means and possibilities with a view to increasing the production and, on the other hand, to elucidate the technical side of the question concerning the coinage of a new monetary unit. As far as the artistic design for a new coin was concerned, I considered a competition to be the best solution.

Considering the nature of the work carried on in the Mint, a strict watch had naturally to be kept over the workmen. Here, too, before leaving the Mint, they were subjected to the most careful examination. The following incident, incredible as it may sound, deserves mention. While silver coins were daily disappearing, it was noticed that a young workman was growing worse in health every day; he was losing his healthy complexion, his face gradually

assuming an ashen hue. The coincidence was rather striking, and suspicion fell on the workman. He was arrested, searched and examined, and it was discovered that at the moment of his arrest he had hidden in the lower part of his body fifty-two silver half-rouble coins. He had started with a few coins, had gradually trained himself for this exercise and finally managed to pilfer daily fifty coins, that is about fifty shillings.

Registration of documents taken from the safes

In addition to the Mint, I inspected in Petersburg the Assaying Office, the Administration of Savings Banks, the factory "Gosnak" (that is to say the State printing works where State papers, bank-notes and paper-money were printed), as well as the special section for the registration and examination of documents taken from the safes.

It will be interesting here to say a few words with regard to this special department. The steel vaults (safes) of the Moscow and Petersburg banks were closed on December 14, 1917, whereby all objects found in the safes, made of platinum and gold, precious metals in bars, precious stones or pearls, foreign currency and so on, were to be confiscated for the State, in accordance with a decree issued to that effect.

On appointed dates, announced in the newspapers, the owners were requested to appear in the banks, to bring their keys and to open the safes. The valuables found therein were immediately taken out and confiscated, while the other contents (such as shares, documents, letters, and so on) were put back into the safe. Only private papers, letters and such documents as did not constitute any assets were to be returned to the owners. The majority of owners of the safes who happened to be in Moscow or

Petersburg at the appointed time did not fail to make their appearance in the banks. The safes were opened in their presence, and the valuables taken out, but the private papers were not returned to their rightful owners immediately after the opening of the safes, the vast amount of work rendering a minute examination of the private documents impossible. Many owners of safes had fled, others had fallen in the war, while others again were in prison, so that a number of safes, owing to the absence or non-appearance of the owners, could not be opened. Some time afterwards, however, these safes were forcibly broken open.

At the beginning of 1923 a special Commission was busy sifting and examining the private papers and documents found in the safes in Petersburg. When the safes were being confiscated, the private documents had not been taken out together with the valuables and correspondingly registered, and a long time elapsed before these private papers were taken out of the safes and indiscriminately packed in boxes. As these papers contained not only annulled Russian shares but also foreign shares and State loans—which had retained their full value—the task of a minute examination and sifting had now been undertaken.[8]

All the confiscated papers were divided into three groups, viz. (1) Documents entitling to the recovery of property, such as deeds of sale of houses and other real estates, mortgages, shares, Government loans, and so on. (2) Documents of an academic nature, viz. scientific, literary and musical manuscripts, autographs, and so on. (3) Documents of a purely private nature, viz. letters, bills, notices, photographs, diplomas, proofs of identity, testimonials, birth, marriage and death certificates, and so on. These documents of a purely private nature

were to be handed over to their owners, so far as they could be found in Soviet Russia, while all the documents entitling the owners to the recovery of property were to remain in the possession of the State.

The manuscripts were to be specially examined, and if they had an antiquarian or other value, they were to remain the property of the State, otherwise they were to be returned to the owners.

On June 9, 1923, I inspected the work carried on by this special section in Petersburg. The task was being performed by a number of officials who were faced by a rather difficult problem. The officials were expected both to register the documents according to their contents and the names of the owners, and to classify and range the papers in one of the above-mentioned groups. Now, apart from the numerous documents from which it was quite impossible to gather any clue as to whom they belonged or from whom they emanated (and such documents had necessarily to wander back to the boxes), there was a great number of others written not in Russian but in some foreign language. Thus, one of the officials—a very conscientious man who was endeavouring to do his duty as well as possible —showed me an Italian document and a correspondence in Italian from which it could be gathered that the owner of this document had challenged to a duel an Italian officer of whom he had reason to be jealous. The official asked me in which group he ought to range this document. "Of course, in the third group, of private papers," I said. "Why do you ask?" "You see," he replied, "we can manage on an emergency, English, French, German and Polish, but Italian, Greek, Armenian, Yiddish and the numerous other languages in which these documents are written, we simply cannot register with the means at our disposal. Such

documents we are obliged to put aside for the present." This special department had, nevertheless, accomplished a good deal; the papers found in the safes of a few Petersburg banks had already been arranged according to the names of the owners, although, of course, the majority of the documents were still lying in boxes and baskets waiting to be sifted. It was, in any case, a labour of Sisyphus for several years which lay ahead of the officials.

The fortress of St. Peter and St. Paul

As already mentioned, the Mint was located in the fortress of St. Peter and St. Paul, and I availed myself of this opportunity to inspect the fortress. For two centuries—since the erection of the fortress at the beginning of the eighteenth century—the several bastions had served as jails, as gruesome dungeons, shut off from air and sun, for political prisoners. I visited the Troubetzkoy Bastion—where so many fighters for liberty of the last decades had been imprisoned but which was now empty, although during the first years of its existence the Soviet Government, too, had sent its political opponents there.

Following an ancient tradition, a cannon-shot, fired from the St. Peter and St. Paul fortress, used to announce to the population of Petersburg the hour of noon. I ascended the fortress at the spot where the cannon stood, and for the first time enjoyed the wonderful spectacle over the River Neva that one could see from the ramparts of the island-shaped St. Peter and St. Paul fortress. It was June 5, a bright and cool summer day, and the panorama on which I was gazing was altogether one of the most beautiful views of a city. Opposite was the long *quai* with its row of palaces, in the distance to the right the ancient building of the Stock Exchange, with the

beautifully arched bridge to the left, the Troitzky Bridge, and in front the wide blue band of the Neva. I remember quite well that on the wide stretch, as far as my eye could reach, I saw only one boat on the water and nothing else besides it. That was rather significant.

As for Petersburg itself, built in 1703, and one of the most beautiful European cities, it produced on me the impression of a sleeping giant. In contradistinction to Moscow, exceedingly animated and swarming with people, Petersburg was a dead city. I had a motor-car at my disposal and crossed the city in all directions. I drove to the Krestovsky Park and to the Stryelka, a promontory extending into the Finnish Gulf, and everywhere I noticed an atmosphere of dreaminess and reverie. The wonderful parks were carefully tended but somewhat wild, although there was perhaps more charm than of yore in this wildness.

I drove to Dyetskoye-Sselo[9] (formerly Tsarsskoye Sselo)—the Versailles of Petersburg—and visited the glorious Alexander Palace and the park. The palace was in an excellent state, and was being admirably cared for. Everything was untouched, and the atmosphere of the exquisite eighteenth-century taste was still lingering there. From there I crossed the park on foot towards Pavlovsk. The park, too, was untouched, but the town itself was not so well kept as in former days.

Museums

During my presence in Petersburg I took the opportunity of visiting the Hermitage under the guidance of Professor S. Troynitzky, the director of the institution. The work accomplished in the Hermitage in the short space of five years following the Revolution was downright astonishing. Not only

had the Administration of the Hermitage, in spite of the scanty means placed at its disposal, effected a new arrangement of the exhibited works on a novel plan, but the immense Winter Palace situated near the Hermitage had, to a certain extent, been changed into a museum. The halls of State and the historical rooms had remained as they were, while many other rooms, joining the Hermitage and connected with that building by a covered gallery, were now utilized as new galleries for the exhibition of pictures. These galleries where, besides pictures, choice furniture of the corresponding periods was also exhibited, offered a particularly charming appearance.

I inspected with particular attention the excellent eighteenth-century collection of valuable gold snuff-boxes, often ornamented with diamonds, which was then still inaccessible to the public.

I also visited the "Russian Museum" (the former Alexander III Museum) where, too, I could notice a high level of efficiency and, above all, an extraordinary devotion to the work.

CHAPTER IX

A visit to my former flat in Petersburg. Difficulties of housing in Moscow. Savoy Hotel. Service of observation.

A visit to my former flat in Petersburg

BEFORE leaving Petersburg on March 2, 1919, I had left my flat under the care of my sister, who had died in the meantime, and of her husband. It was a small and modest flat, but as I had for many years been collecting objects of art, it contained some old silver, china, copper, antique tissues, ivory, carpets and pictures. The majority of the contents were products of Russian art, with the exception of the silver, of which I possessed several fine German pieces dating from the sixteenth and seventeenth centuries. Before my departure I had carefully packed up my most valuable books and art-treasures in two big boxes which remained in my flat. As I had left Russia on official business I had received a certificate of protection for my flat which was thus not subjected to any sort of confiscation.

In the summer, however, of 1919, when the lack of the necessaries of life had grown acute, my sister and her husband saw themselves compelled to leave my flat and the city. As I was away and my flat had remained vacant, the dvornik[10] of the house took it upon himself to communicate the fact to the local Council of Workmen (Soviet). In spite of the fact that the Soviet had been officially informed of my journey abroad on official business, it assumed that I was a bourgeois who had fled abroad. The efforts of my brother, who was still in the city, to prevent a confiscation of my flat proved futile. All the art objects, carpets, pictures and the above-mentioned

two big boxes were therefore taken from my flat and placed at the disposal of the Soviet, while the furniture remained. The flat itself was assigned as a residence to three different parties.

On my return to Petersburg in 1923 I had already known for a long time that my flat had been confiscated and that I would not find anything there, but I could not resist the temptation to visit my old quarters where I had passed so many years. I therefore instructed the chauffeur of the car to take me to the Vassily Ostrov[11] where my flat was situated. The entire Vassily Ostrov, and particularly the remoter streets, offered an even more woeful aspect than did the centre of the city. The car stopping in front of the house was in itself an unusual event in the quiet street.

Before the house stood the dvornik who had been the driving force behind the confiscation of my flat. Walking up to him, I asked him point-blank: "Do you recognize me?" The dvornik, who had been firmly convinced that I had either fled or disappeared from the surface of the earth, was taken aback, imagining that he was seeing a ghost. Growing pale, he stammered: "Yes, you are the citizen L." Behind me my chauffeur, a sailor of Herculean build, called out: "I am the chauffeur of the Mint, and this is our chief." Hearing this the dvornik became quite submissive, and said: "A sailor is now occupying your flat. I never did say that you had fled or disappeared." I replied quite dryly: "That is of no importance now. To whom have I to speak?" He indicated the flat where the House Committee was sitting and quickly vanished. On the House Committee I found two men who heard me out with an ironical air, and only reluctantly consented to conduct me to my former flat.

All the four of us ascended the backstairs leading to the flat and knocked at the door. I told the woman who opened to us that I was the former tenant of the flat and that I wished to speak to her husband. In a few minutes a big burly man appeared, and the following conversation ensued between us:

"What is it you want?"

"I am the former tenant of the flat."

"And I am the present tenant. I am a former sailor and am now studying law. Come into my room and I will show you who is now the master here."

He thereupon searched in a drawer of his desk, found a paper and, holding it before my eyes, said:

"You have come late, a little too late, in fact, thirteen months too late. In May 1922 I was duly registered as the lawful owner of this flat and all the furniture therein; look here, please. Now, what do you want? And who are you, after all?"

Producing the certificate from my pocket, I showed him what post I was occupying.

"All right. Now, pray, you see how matters stand. If you like, I am quite ready to let you visit the flat."

I looked round the room. The furniture was the same as before but oh! in what a terrible condition. I would not have taken it had I been made a present of it.

Another party was living in the adjoining room which was almost bare. There was only a bedstead and a table, all the remaining furniture having been carried off by a former tenant. Suddenly my eye caught a high book-case full of books which, as I noticed, were all law-books. I asked the man:

"Tell me please; these books, do they also belong to you?"

"No," he replied, "the books have not yet been

registered, but I am going to draw up a list and register them one of these days. I must admit that you had an exceedingly fine and rich library; your books are a great help to me in my present legal studies."

In a corner of the bookshelf I noticed a monograph on the well-known Russian painter Wrubel.

"Look here," I said, "here is a book on Wrubel which can hardly be of any interest to you. Won't you give it to me as a souvenir?"

The man, however, replied roughly:

"Of my own free will you will get nothing from me, not even one page of the book. If the Court decides in your favour then you are quite welcome to the whole flat; I will move out, but not otherwise. I should, however, like you to bear in mind"—whereat he blinked with his eyes—"that I am a member of the Petrograd Workmen's Council. You might find it a rather hard job to win a case against me."

"I have not the slightest intention," I replied dryly, "of bringing a case against you. You may remain undisturbed where you are!"

I was on the point of leaving when I noticed in a corner of the room a small picture. I knew that it was an Italian landscape dating from the year 1819 but of small value.

"Yonder hangs a small picture," I said, "wouldn't you perhaps sell it to me?"

"No," he replied. "What put that idea into your head? The entire flat and all that it contains belongs to me only for life, and I have it only as a usufruct. It is not at all my property! I know now quite well where the difference lies. Just imagine that I sell you this picture and then comes the Soviet and says: 'Look here, comrade, what have you done with the picture?' No, no, I can't sell it to you."

I bowed coolly and turned round to go, but the man suddenly barred my way.

"Now tell me, what is it, after all, you have come here for? What is it you want of me? Did you perhaps want to probe the soul of a proletarian?"

"The study of your soul," I answered, "does not interest me in the least; for me you are at this moment not a proletarian, but citizen So-and-so. I simply wanted to see the flat. I asked you for the book on Wrubel—and—that I had a right to. It was your business to refuse it. Beyond this we have nothing to do with each other. Now will you let me pass?"

The man looked once more at my Herculean companion, opened the door and let me go. When I was descending the stairs, my chauffeur furiously exclaimed:

"There is a blackguard for you! But all this is your property. Had it been mine, I would have given him a black eye. However could he have refused you one miserable book when the whole book-case is yours!"

"Calm yourself," I said, "the book is not so very important after all, and it is really all the same whether I have it or not."

The scene, however, and the sad sight of neglect I had witnessed in my flat had produced a depressing effect on me. I had to make a tremendous effort to keep outwardly calm.

Difficulties of finding lodgings in Moscow

Very shortly after my arrival in Moscow I had asked the Commissary for Finance, Sokolnikoff, to place at my disposal a small furnished flat of two rooms, and he accordingly gave the necessary instructions to Comrade Ge., Chief of the Administrative Section of the Commissariat of Finance. It

was very difficult to find vacant rooms, but at last the following way out was found: The Commissariat of Finance possessed a house in the Myortvy Peréoulok[12] inhabited exclusively by officials of the Commissariat. In the courtyard of this house was a small wing, a sort of pavilion consisting of four rooms. This small building was partly inhabited, but was in such a state of neglect and desolation that there could be no question whatever of moving into it. The house had first to be done up and furnished, and of the four rooms two were to be placed at my disposal. As the work was not getting on, I had to live all the while in the hotel, my weekly bills being paid by the Commissariat of Finance. On June 2 I received from the Commissariat of Finance a written communication informing me that my rooms being now quite ready, I could move in and that in future the Commissariat would not pay my hotel bills. As I was leaving Moscow on the very day, i.e. on June 2, for Petersburg on a journey of inspection, I took notice of the communication and instructed my secretary M. to see to it that on my return from Petersburg the rooms were furnished and in perfect order.

On June 13 I returned to Moscow from Petersburg, and was met at the station by my secretary M. with a motor-car. "Where are we going now?" I asked him. "To the new flat," he replied, "in the Myortvy Peréoulok." "Have you already visited the flat?" "No," replied M., "but everything is, of course, in order. The flat was, as you know, ready a fortnight ago." I had my doubts on the matter, but did not care to express them aloud. We drove, therefore, straight to the new flat.

When we reached our destination and were proceeding through the courtyard to the pavilion,

the dvornik met us and, scratching his head in an embarrassed manner, said: "To be sure, a few days ago a comrade from the Budget Department moved in and has taken your two rooms. I told him several times that the rooms had been assigned to you, the Chief of the Currency Administration, but he only replied: 'Nonsense, I don't care, I am a member of the Party and I simply take the rooms for myself,' and he has locked the door."

"And how about the other two rooms?" I asked the dvornik. "Well," he replied rather dejectedly, "I am afraid they will not suit you." Anxious to settle the matter once for all, I visited the two rooms. One of them had formerly been the lodging of the dvornik, a narrow room receiving its light from a window at the top. Moreover, the flooring was not finished, the carpenter being just engaged in nailing the boards. The second room was a tiny place on the ground floor with one window looking out on the courtyard. It was locked, and contained some furniture belonging to the previous tenant. "And where is my furniture?" I asked the dvornik. He smiled good-humouredly and said: "That is just it, the furniture has not yet come."

Under such conditions it was simply impossible for me to move in.

I was disgusted, and turning to my secretary, I said:

"Did I not tell you quite plainly before my departure to look to it that the flat was to be ready? Had you had the slightest sense of discipline you would have inspected the flat before this and seen in what a state it was; you would not have dared to take me here and waste my time."

My secretary mumbled some apology. I now told the chauffeur to drive straight to the Savoy Hotel,

where I produced my papers and asked for a room for myself and my wife. The porter replied that there happened to be a vacant room, but that he could not let me have it without an express permission of the "Bjurobin"—the office for the accommodation of foreigners.

The office was in the Commissariat of Foreign Affairs in the Narkomindel. I quickly made up my mind, drove straight to the Narkomindel and went to the Bjurobin, where I briefly explained how matters stood. I pointed out that the flat placed at my disposal by the Commissariat of Finance, which, as I had been informed, was supposed to have been ready on June 2, was far from being completed on the 13th, as the carpenter was only now nailing up the boards of the floor. I therefore asked for a free room in the Savoy Hotel. The Bjurobin gave me a certificate to that effect, and I received a room after all. The room in the Savoy Hotel was small and narrow, but it was anyhow better than an unfinished new flat. After such an experience I never repeated my request for a furnished flat of two rooms. And indeed it was never offered to me or placed at my disposal.

Savoy Hotel. Service of observation. Censorship of letters

Much has been written on the spy system prevailing in Soviet Russia, and a good deal of it is exaggeration or mere invention. But the supervision of the population as far as its political opinions are concerned is undoubtedly very strict, much stricter than it is in countries under a stable Government established for many years. Especially strict is the supervision of the Red Army, of the corps of officials, of the experts and of foreigners arriving in the country.

During my last stay in Moscow I lived for over three months in the Savoy Hotel, one of the few

hotels assigned as a residence to foreigners. All the hotels assigned to foreigners are administered by the Bjurobin, a department of the Commissariat of Foreign Affairs. The staff of the Savoy Hotel, just as of all the other hotels of the Bjurobin, are at the same time engaged in the service of the G.P.U., and in addition to their ordinary work, have to fulfil political and police functions which consist in watching over the guests at the hotel.

For a visitor living in the Savoy the hotel is a veritable glass cage. The time when the visitor leaves the hotel, when he returns home, what visitors he receives, how long they remain with him, all this is carefully noted. The observation is often carried out in such a clumsy manner that it cannot fail to be painfully striking. Thus, for instance, one returns home rather late, ascends the staircase rather tired, the lift no longer working, walks sleepily along the semi-obscure passage in the direction of one's room, when the hairdresser in his white smock, not sufficiently hidden behind two pillars, suddenly stirs. One starts involuntarily, little expecting to see the white-clad hairdresser at such a late hour; the good fellow simply wanted to ascertain whether the late comer was really going to his own room or into that of another guest and into which.

One afternoon I was standing in the vestibule of the hotel talking to a well-known gentleman. Immediately after the latter had said good-bye and left me, the porter came up to me with a grin on his face. "I say," he asked, "who is that gentleman you have just been conversing with? He is such a sympathetic fellow! I have often seen him here, but don't know who he is." At first I naturally felt inclined to reply suitably to such an impertinent enquiry, but I remembered in time that I was in the Savoy Hotel in Moscow, and that my refusal to

comply with the porter's request would only lead to unnecessary and unpleasant consequences both for myself and the gentleman in question. Should I decline an answer, the entire search apparatus would immediately be set in motion to establish the identity of the "sympathetic" gentleman. I was consequently compelled to give the porter the required information.

That all telephonic conversations were being overheard is a fact. One could often hear quite distinctly how the listener was inserting himself. It was therefore quite natural for someone who rang up the city from a room in the Savoy Hotel to begin his conversation with the following prefatory remark: "Hello, I am speaking from the Savoy Hotel." The man spoken to thus knew what he was up to, that his conversation would be listened in, and he acted accordingly.

One day, when I was living in the Hotel Paris, I noticed that my big portmanteau opened and closed with very great difficulty. For nearly a quarter of an hour I had to toil and exert myself with my keys before I managed to open it. As the lock had usually been quite perfect, it was evident that some stranger had tried to open the portmanteau with other keys. I related the incident to an acquaintance of mine who was occupying a high post in the Commissariat of the Interior, and he smilingly replied:

"Oh, you should not worry about it. Of course someone has been meddling with your portmanteau, but the principal thing is that none of the contents have been stolen. You did not miss anything, did you?"

"No."

"There you are. Don't be surprised if one day your writing-desk and your cupboards also open and shut

with difficulty. It is quite natural that the correspondence and the belongings of foreigners should be inspected in an invisible manner, but you can safely leave money in your writing-desk and be certain that nothing will be lost. On the other hand, don't destroy all the letters you receive, as it might look strange if nothing were to be found in your desk. You had better leave about, as if thoughtlessly, some harmless letter from your father, your mother or your wife."

People who are already experienced really act in this manner. They avoid, as far as possible, keeping note-books or diaries, and, above all, never write down addresses or telephone numbers. Gradually their memories grow accustomed to the work of retaining and exactly remembering addresses and telephone numbers. This is done for a very obvious reason, namely, in order not to involve third parties, should one incidentally come into any unwelcome nearer contact with the G.P.U.

During my stay in Moscow I was informed in confidence that in many rooms of the Savoy Hotel, particularly in the ventilators and behind the cupboards, hidden microphones and listening-in apparatus had been fixed, thus making it possible to overhear any conversation held in the respective rooms. Although I could not discover the existence of such an apparatus in my own room, I consider the above information as being highly probable.

It is no wonder, therefore, that under such conditions people only rarely receive visitors in their hotel, preferring, when they are anxious to meet someone unobserved, to make an appointment in the house of a private acquaintance or in some neutral place. A very widely spread habit is that of making an appointment in the theatre, where one books two adjoining seats.

That the correspondence of prominent non-Party personalities is being *perlustrated*, that is to say, opened and perused by the interested authorities, is beyond doubt. As far as I myself am concerned, I am quite certain that both the letters I was receiving and, as far as possible, those I was sending out, were all being read. My letters were consequently always very brief, containing no personal impressions of Soviet Russia, Moscow, my surroundings, and so on. As it turned out afterwards my wife's correspondence, too, was read. Thus later on in Berlin I had an opportunity of speaking to a prominent Soviet personality there, and in the course of our conversation explained that my desire to have my official residence in Berlin was partly due to the fact that my wife, being German, did not understand a word of Russian. To this he replied:

"The ignorance of the Russian language is not decisive. Had your wife been desirous of taking part in our German cultural work (that is in the social work carried on among the German Communists in Moscow) there would have been no need for her to write to her mother in Charlottenburg letters full of homesickness."

That was a clear proof that my wife's letters, too, which contained no criticism whatever of Moscow, had been opened and read and that their contents had already found their way into the dossier concerning myself which was being kept.

CHAPTER X

Currency Administration. Commission for the realization of State securities. Official journey abroad: Berlin–Amsterdam–Paris–London.

Currency Administration

AS already mentioned, my position in the Currency Administration was from the very first a difficult one. The circumstance that of my own accord, and owing to reasons which at the time had appeared to me expedient, I had renounced the title of Chief of the Currency Administration, turned out to have been a tactical error. My action had deprived me of the only effective support which the title in itself and the powerful position thus formally created would have lent me.

My colleague Sch. who, until my arrival in Moscow, had *de facto* exercised the functions of Chief of the Currency Administration, manifested his undisguised ill-will towards me from the very beginning. During our first conversations, when we were distributing among us the individual functions, he said quite frankly:

"You acted quite rightly when you refused to accept the post of Chief of the Currency Administration. In my own opinion it was a mistake on the part of Sokolnikoff even to have offered you the post of Chief. You may possess the necessary knowledge and preparatory training, but you must first accustom yourself to our conditions and above all gain our confidence from the political point of view. I am the Chief of the Currency Administration, and of my own accord I would never have ceded the post to you. You may rest assured that had you not been so clever as to renounce the post of Chief of your own

free will, you could not have remained here for a week."

Sch., a man of intelligence and a decided place-hunter, had before the November revolution belonged to the Social Democrats, only later on joining the Communist Party. He was no doubt now firmly convinced of the truth of his Communistic creed, but he was a blind fanatic and, consciously or unconsciously, did his utmost so as to make the Communists forget his Social Democratic past. He was consequently *plus royaliste que le roi*, and for this reason he was always wont to make more frequent use of big catchwords than did the old Communists who did not consider it necessary to emphasize their staunchness.

I remember one rather characteristic incident:

At one of our meetings the question how to finance and provide food-stuffs for a gold-mining trust in Siberia was being discussed. The representative of the trust, who had come to Moscow for the purpose, reported that they were in a sad plight with regard to provisions, and that he was afraid the food-stuffs would not reach their destination before the end of the navigable season. On the one hand, the Commissariat of Finance had not placed at their disposal the means for the acquisition of food-stuffs in due time, while, on the other, engineer So-and-so was scarcely up to the mark. Thereupon Sch., suddenly interrupting the speaker, exclaimed: "What! and the fellow has not yet been shot? Why are you waiting to bring the matter before the Public Prosecutor?" I asked him coolly: "Why are you so ready with shooting? It seems to me that the principal thing we have to consider is how we can effectively help the population. We must first of all take a decision as to the right measures required in this direction. Besides, you are not yet so sure who in

reality bears the guilt, whether it is really due to the ill-will of the engineer or is the result of circumstances."

A few days after I had taken up my post Sch. informed me that the Currency Administration had already been negotiating for nearly three months with a Dutch group for the sale of a large quantity of gems. He showed me the draft of a contract to this effect and asked for my opinion. I replied that I would have to negotiate with the Dutchmen personally before I could thoroughly grasp the nature of the deal. He could not see it at first, but I flatly refused to give an opinion on the strength of a mere draft for an agreement, although I was quite ready to take in hand the transaction and to carry it through.

For about two weeks I negotiated with the Dutchmen, obtained the best possible terms for the Currency Administration, and on April 28, 1923, an agreement was made between the Currency Administration and the Dutchmen. In accordance with the provisions of this agreement the Dutch group received, for the purpose of selling them, gems and pearls estimated at about eleven million Dutch florins. The sale was to take place on commission, at prices fixed by the Currency Administration. The Dutchmen had, however, to bind themselves to buy, at the prices fixed by the Currency Administration, a considerable percentage of the entire quantity, should it not have been sold to a third party by a fixed date.

Commission for the realization of State securities

Soon after the conclusion of this agreement a Commission for the Realization of State Securities was instituted. Among other things it was also the duty of the Commission to control the carrying out of the

above contract in Holland. The Commission was at the same time required to study the French, Dutch and English markets for precious stones, pearls, gold boxes, old silver and so on. The Commission consisted of myself as President and of two members. Two Russian jewellers, T. and K., both in the service of the Gochran, were added to the Commission as experts. Comrade D., a young man of about twenty-three, was proposed by Sch. as member of the Commission, while the other member I preferred to find myself. I met in Moscow lawyer F., whom I had known in Petersburg since 1911 and with whom I was on rather friendly terms. I knew that he had formerly belonged to the Social Democrats, and I assumed that he had in the meantime joined the Communist Party. I visited him and found that I was right in my surmise. As he was a Communist there was nothing against his being nominated a member of the Commission. The task in store for him was interesting and, moreover, offered him the opportunity of going abroad for three or four months under decent and suitable conditions. F. gladly accepted the offer, while the Government department where F. was an official made no difficulties. F. was lent to us and was nominated a member of the Commission.

On June 14 F. and the jeweller T. went by aircraft to Berlin whither the goods sold had in the meantime been despatched. The transfer of the goods was to take place in Stockholm in the building of the Soviet Trade Delegation. Here two representatives of the Dutch group took over the goods, and every parcel was opened and minutely and carefully examined. The goods had come from Moscow in parcels provided with the seals of both the Currency Administration and the Dutchmen. At the transfer, which took place in a small room in the building of

the Trade Delegation, were present: G., the trade representative of Soviet Russia in Sweden, and his wife; L., a high official of the Delegation; and the two representatives of the Dutch group. The transfer lasted several days.

One evening, when the parcels that had been examined were being repacked, two large yellow diamonds, dating from the eighteenth century and cut in an old-fashioned manner, were missing. Although every nook and corner of the floor was searched and every bit of paper thrown on it was most carefully examined, the two stones had vanished.

I was at that time in Moscow, and arrived in Holland only towards the end of June. When I saw the head of the Dutch group, he told me that the two stones were missing and that he would have to deduct the sum of 6000 florins, the value of the stones, from the total amount of the goods entrusted to him. I neither could nor did I care to raise a discussion on account of such a proportionately small amount, as it would have led to exceedingly unpleasant explanations. Luckily, the jeweller T., attached to my Commission, had arrived in Stockholm only on the day following the disappearance of the stones, so that no blame whatever could fall on him. The Dutchman flatly declared that the possibility of his representatives having appropriated the stones was out of the question and that he could consequently not be held responsible for their loss. I, on my part, declared as categorically that the very idea of the stones having been appropriated by the other side was absolutely preposterous and could not even be discussed. The stones must have been dropped on the floor and thrown away with the contents of the waste-paper basket. On the other hand, his two representatives had had sufficient practice in receiv-

ing stones, a practice extending over many years, and I must therefore make the Dutch group answerable for the loss of the two stones.

I asked, therefore, the head of the Dutch group to consider the two stones as handed over to him and to credit the Currency Administration with the amount of 6000 florins. The Dutchman was agreeable and gave me his written consent to this effect, but he stipulated that should the stones ever be found they were to be returned to him as his property.

A few months passed, and in the autumn of 1923 the two stones were unexpectedly found in the same place where they had disappeared. They were then delivered to the Dutch group.

Journey abroad on official business

On July 14 I arrived with D., the member of the Commission, and the jeweller K. in Berlin, where F., the other member of the Commission, was already awaiting us. I received a report on the transfer of the goods in Stockholm and learned that the Dutchmen had already taken over the parcels from Stockholm to Amsterdam. Everything was thus in perfect order, and the jeweller T. who had been in Stockholm had already left for Amsterdam.

In the evening I had a private conversation with F. whom, as I have stated before, I had known since 1911. I asked him finally: "Tell me; your colleague D., what is he after all? Is he a Chekist,[13] an agent of the G.P.U. or what?" F. was reluctant to reply for some time, but in the end he said: "Yes, it may be so, the possibility is not excluded." I had, of course, known that I was being watched, and under Soviet conditions—especially when it was a question of one who occupied such a high post as I did—I found it quite comprehensible. The idea that my nearest collaborator whom I was meeting and with

whom I was working daily and hourly should have accepted this function of detective was, nevertheless, exceedingly unpleasant to me, and I would have given much to know that he was not a spy. The reluctant reply of Comrade F. gave me food for reflection.

On the following morning I visited D. in his hotel at Berlin, entering his room unexpectedly at about nine o'clock. On the table I saw a sealed letter addressed to Comrade Sch., Chief of the Currency Administration. I said roughly:

"I say, Comrade D., are you sending reports to the Chief of the Currency Administration behind my back? Don't you know that I am the President and that you are a member of the Commission? You have no right to send any reports on our activity to anyone without my knowledge and my previous consent. All reports must bear the signatures of all the members of the Commission."

D. quickly regained his composure and replied:

"The letter you see on the table is a private one to my friend Sch."

"Then why are you addressing it to the Chief of the Currency Administration?"

"So as to make sure of its delivery. I am sending it through the Embassy by the diplomatic courier."

Thereupon D. rose up, and giving me a penetrating look, suddenly said:

"Moreover, last night you asked Comrade F. whether I was a spy in the service of the G.P.U.? Is that not so?"

"Quite right," I replied, though with some reluctance, for I could not understand how F. had thus betrayed my confidence.

"I only wanted to tell you," said D., "that I am not in the service of either the Cheka or the G.P.U. I am merely a member of the Communist Party, and I

am not here to watch over you or to spy after you. I have come here to help you and to learn from you. Should you, of course, in your work, undertake anything that is against the interests of either the Soviet Government or the Communist Party, then I would naturally consider it my duty to report you. I repeat, however, once more, that I am only a member of the Commission and nothing else."

"Can you show me the letter?" I asked, "which you have addressed to Sch., the Chief of the Currency Administration, and which you are now calling a private letter?"

"No," he replied, "this I am not bound to do. I can only repeat to you once more that it is a private letter. I have a right, I suppose, to send private letters as I like?"

In the meantime Comrade F. came in, greeting us with a friendly smile. I looked at him and asked: "Were you aware that our conversation of yesterday was a confidential exchange of views and that I did not expect you to communicate it to Comrade D.?"

"No," replied F., "I did not know it; you did not tell me expressly to keep silence!"

"I have no doubt whatever," I retorted, "that it was clear to you that I had put the question in confidence, the more so that since you have been a regular lawyer, I was particularly justified in counting on your silence. Anyhow, if you found it right to acquaint Comrade D. with my question, why did you not also communicate to him your own answer?"

Pale and excited, D. asked: "What did he say about me?"

"Comrade F.," I answered, "gave the following reply to my question: 'Yes, it may be so, the possibility is not excluded,' and now I will leave you

two gentlemen together to have it out among yourselves."

Thus our conversation ended, but in the afternoon I met F. alone. "Look here," I said, "I have known you for twelve years, I have helped you to go abroad on official business and I have never done you any harm. It is quite incomprehensible to me why you should have communicated our confidential conversation to D. You were evidently anxious to curry favour with this young fellow. I see no other reason why you should have betrayed my confidence, and in order to avoid any misunderstandings in the future, I shall be obliged to you if you will henceforth meet me only on business matters. Forget that we have ever been friends."

My further association with the two members of the Commission continued on correct but cool terms. I never put a confidential question to either of them, and in my relations with them never passed beyond the limits of strict business questions. As far as possible, I avoided any private intercourse with them.

The Commission remained several months in Holland, while I myself and the jeweller K. went to France. On my return to Holland the head of the Dutch group invited our Commission to dinner. As the contract was being wound up satisfactorily and our business relations with the Dutch group had remained unclouded, I accepted the invitation for our Commission. We proceeded to Wassenaar[14] where we were entertained to dinner.

After dinner D. spoke of Soviet Russia, picturing the conditions prevailing there in the most roseate colours, and declaring that Holland was the most ridiculous and backward province in the world. He entertained us with several stories, one of which I should like to relate:

"It happened in 1920 in Smolensk, during the time of 'War Communism,' when all commerce and particularly the traffic in food-stuffs was strictly forbidden. On one fine day an old Jew who had traded in bread was arrested. As a speculator he was brought before the tribunal of justice and was to be sentenced to death. I was one of the judges. Now the old Jew's daughter happened to be a member of the Court, and just fancy, she actually refused to sign the death sentence of her father. I did my best to persuade her, but without success. I had ultimately to compel her to sign the death sentence. The man was, of course, shot."

Quite bewildered, the head of the Dutch group asked: "Tell me, would you have had your own father shot under similar circumstances?"

"Of course," replied D.

"And are people in Russia," queried again the Dutchman, "now allowed to traffic in food-stuffs or to sell bread?"

"Yes."

"Are they now being punished for it?"

"No."

"I see. And so you have had a man shot simply because he had been trading in bread, an occupation which is to-day allowed in Russia. And of this exploit you are boasting? I will tell you what, I prefer this province, as you call it, to your Paradise."

After this incident the conversation languished, and silent and thoughtful we returned to Amsterdam.

Soon afterwards I went to London, the *visa* for England having been refused to all the other members of the Commission. I presented myself to Comrade Ph. Rabinovitch, Chief of the Trade Delegation, produced my papers and told him that I had various tasks to perform, among others that of

making an exact list of all the precious stones and pearls deposited with the Trade Delegation in London. The stones and pearls would eventually be sent back to Moscow to be sold with the general bulk of valuables.

I also informed the Chief of the Trade Delegation that I had come alone, the English *visa* having been refused to both the members of my Commission and to the two jewellers.

"But surely," said Rabinovitch, "a member of your Commission is already here?" I was rather surprised at this.

"As far as I am aware," I replied, "our Commission consists of only two members, who have both remained in Holland. I don't know of any third member, and had there been one, I ought to have known him, as I am the President of the Commission."

The Chief of the Trade Delegation pressed a button and asked for the order in question to be brought to him.

The order had been drawn up by Sch., who stated therein that Comrade B. was a member of the "Commission for the Realization of State Securities and Valuables." Moreover, Comrade B. was to receive his instructions from Comrade D., a member of the Commission.

Comrade B., who had already arrived in London, introduced himself to me on the following morning. I recognized in him a man whom I had already known in the Gochran, although under another name. To judge from the confidential wording of the order, doubtless not intended to come to my knowledge, it was evident that Comrade B. was to receive his instructions not from me, the President of the Commission, but from Comrade D., a member of the said Commission. And now at last it

became quite clear to me what rôle Comrade D. was playing. The purpose of the secret mandate was to ask Comrade B. to give me the very same "help" which Comrade D. had vouchsafed unto me in Holland. I now asked the Chief of the Trade Delegation to appoint a Commission with a view to preparing, according to my instructions, a list of the precious stones and pearls deposited with the Delegation in London.

The valuables were being kept in the vaults in Arcos House in London, and I decided to enter these vaults only in the presence of the Commission. I also insisted that B., "the member of the Commission," should take part in the work. We thereupon appointed a Commission of three members, viz. Comrade B., the wife of the Chief of the Trade Delegation, and a certain H., an official of the Arcos Company, who had formerly been a diamond merchant.

When the five of us, the secretary of the Trade Delegation having joined us, entered the vault, I saw the following sight : On the shelves lay loose cardboard boxes containing diamonds, sapphires and emeralds, wrapped up in cotton-wool. Several objects lay unpacked on the shelves. I knew what sad consequences for all concerned would follow, should any stone have been lost as a result of such an incredibly negligent way of storing the valuables. I insisted upon a most scrupulous and careful re-examination of all the objects deposited.

After working for a fortnight the Examining Commission completed its task and compiled the required list. On comparing this list with that I had brought with me from Moscow, I ascertained with a feeling of satisfaction that the two lists agreed; everything was in perfect order and not a single stone was missing.

CHAPTER XI

Return to Moscow. Gochran. Classification of old silver. "Black-Heads' silver."

Return to Moscow

ON October 10, 1923, I received at Amsterdam a wire from Moscow, wherein I was requested by Sokolnikoff, the People's Commissary for Finance, to return forthwith to Moscow. I immediately went to Berlin, and after reporting on my activity to the Ambassador Krestinsky and to Stomonyakoff, the Trade Representative, proceeded to Moscow on October 14. This time I was travelling alone as, on the one hand, I had no apartment there, while, on the other, judging from the nature of my activity, I expected that I should be chiefly engaged abroad.

Acting upon instructions received from Moscow, I had engaged in London two jewellers as experts on precious stones and pearls, to be employed in the Gochran for two or three months. The task of the experts consisted in re-examining the prices fixed by the Russian experts in the Gochran for the goods to be sold and in adapting them to the current prices on the world market.

In Berlin I had also conferred with the well-known art historian, Dr. Ernest Cohn-Wiener,[15] who had consented to come to Moscow for a prolonged stay with a view to collaborating in the classification of the old silver accumulated in the Gochran. Immediately after my arrival in Moscow I obtained the necessary consent to the engagement of Dr. Cohn-Wiener, and hastened to invite him to Moscow, where he arrived on November 18.

Gochran. Classification of the old silver

A deeply thrilling and highly interesting work now began in the Gochran. I had chosen a very large and light room in the Gochran which was to serve as a workroom for the classification of the silver ware. A number of wooden tables and shelves were placed in the room, the shelves being arranged according to countries. Every day ten or twenty boxes full of silver ware were brought up from the store-rooms of the Gochran, were opened in our workroom and the objects therein found distributed over the separate shelves. It mostly happened that among the numerous coffee-pots, teapots, dishes, bowls and other silver vessels of daily use there would suddenly appear some cup dating from the seventeenth century or some tankard from the eighteenth which was placed on the corresponding shelf. The ordinary silver objects in daily use appeared in such numbers that they threatened to overcrowd the room. There was nothing to be done but to place the ordinary silver of daily use, dating from 1801 and onwards, on the floor and under the shelves, where they were arranged according to their purpose, such as coffee-pots, teapots, bread-baskets, fruit-baskets, dishes, and so on.

As might have been expected, among the old silver was found chiefly a good deal of Russian silver of an average or inferior quality, including numerous goblets embellished with ornaments in the rococo style, boxes, small cups, drinking bowls, and so on, from the latter half of the eighteenth century, many goblets and cups from the first half of the eighteenth century and but little Russian silver from the seventeenth century.

A good deal of German silver was also brought out of the boxes. The Russian aristocracy and the

wealthy merchants of the seventeenth and eighteenth centuries had a predilection for and bought German silver-gilt vessels (tankards, cups, goblets, dishes and so on), mostly of good and sometimes of a superior quality. Such dishes and cups were often presented to the Church as particularly valuable gifts. In the course of a few months such a vast number of German silver objects had been placed on the shelves destined for the purpose that large labels bearing the mention of different cities, such as Nuremberg, Augsburg, Leipsic, Dantzig, Breslau, Koenigsberg and other cities had been attached. A good many specimens of very valuable Swedish and Baltic silver (Reval, Riga, Mitau) were also discovered.

Most valuable of all was the French silver of the eighteenth century and of the early Empire, as well as the very fine English silver of the eighteenth century.

In the course of the eighteenth century, and principally during the reign of Catherine II (1762–1796), the Russian Court had ordered in France and in England splendid large table-services, consisting of hundreds of pieces with wonderful centre-pieces (*Surtout de Table*), as well as tea-services, dessert-services and travelling sets of the finest workmanship. These table-services were named after important Russian cities, such as: "the Moscow service"; the services of Kharkoff, Yekaterinoslav, Nijny-Novgorod, Kazan, Yaroslav, Toula, Perm, Mitau, Riga. Especially famous was the big Orloff service, a gift from Catherine II to her favourite Gregory Orloff, which consisted of 842 pieces of French and a few hundred pieces of Russian goldsmiths' work.

These services were the work of the most prominent French,[16] partly also of English[17] and German[18] and

of other artists[19] of the eighteenth century living in Petersburg,[20] mostly of foreign origin.

In addition to the European we also discovered a vast mass of less valuable Eastern silver: Georgian, Persian, Turkish, Indian and Chinese.

The work of classification was carried on under my instructions and the supervision of S. N. Troynitzky, director of the Hermitage, and of D. D. Ivanoff, director of the Armoury, and performed by two experts, Dr. Cohn-Wiener for German and Vishnevsky for Russian silver. Several times a week I visited the workroom and provisionally put aside, pending a final common decision, all the pieces which in my opinion could be of interest for the National Museums. This antique silver was locked up in special safes in the workroom. While selecting the most valuable specimens for the big Museums—the Armoury and the Hermitage—we also had in view the Russian provincial Museums to be opened in the future, which we were anxious to supply with adequate specimens. Silver objects were therefore put aside which in themselves had no interest for the big Museums. These specimens, however, were otherwise of good quality, bearing a distinct mark, such, for instance, as that of the city of Astrakhan, which consequently had a special interest for an Astrakhan Museum. In this manner many specimens were put aside for the towns of Astrakhan, Toula, Vologda, Kieff, and so on.

The classification carried out in the Gochran offered many surprises. Thus one day we discovered a large silver dish dating from the third century A.D. and embellished with beautiful reliefs. It turned out that this dish had been bought by Count Stroganoff in Italy in 1863 and given by him to the "Museum for the Advancement of Art" in Petersburg. The original dish was subsequently stolen from this

Museum, a worthless electro-plate copy having been substituted for it. The genuine original dish seemed to have disappeared for ever, and it required the Revolution and its concomitant events to rediscover it. The dish, like many other notable pieces of old silver, was discovered in a box containing ordinary silver plate. We found no box which only contained valuable objects, the most valuable specimens being discovered hidden in a heap of useless trash.

Black-Heads' silver

One day I was summoned by telephone to the Gochran, where Dr. Cohn-Wiener showed me a wonderful silver vessel which had just been discovered in some chest. I carefully examined the piece, and said :

"What do you make of it?"

"I think that this specimen belongs to the Black-Heads' silver."

In the course of years, when it was flourishing, the "Company of the Black-Heads" in Riga—a society of bachelor merchants founded in 1232—had accumulated a silver treasure of great artistic value. Until the outbreak of the war this treasure had been kept in the steel chamber of the Black-Heads' house in Riga, built in 1334, where it was accessible to the public. When during the war, in 1915, the Russian military chief command carried out a compulsory evacuation of all factories and machinery from Riga into the interior of Russia, the Society of the Black-Heads received an order to remove from Riga its silver treasure (art objects, ornaments, silver plate, and so on). The silver treasure was brought to Petersburg and stored in a private bank, but after the November revolution and the confiscation of the bank-safes it was supposed to have

disappeared. When Latvia concluded peace with Soviet Russia in 1920, the silver treasure of the Black-Heads was nowhere to be found. A clause was inserted in the Treaty of Peace concluded at Riga on August 11, 1920 (§ 11 of the Treaty) to the following effect: Should the Soviet Government discover in its possession libraries, archives, art objects, and so on, which had been carried away from Latvia during the World War (1914–17), the Soviet Government shall return such finds to the Latvian Government.

We immediately procured the necessary literature on the subject and ascertained that the object discovered actually belonged to the Black-Heads' silver. In future, therefore, when examining the various boxes and chests, we carefully looked for further objects and specimens of the Black-Heads' silver. All the pieces of the Black-Heads' silver which were gradually being discovered I also locked up in a special safe. When a number had been accumulated, I personally informed Sokolnikoff, the Commissary for Finance, that the silver treasure of the Black-Heads had been partly discovered, and that it could be rightly assumed that eventually the entire treasure would be discovered in the Gochran. I thereby called the Commissary's attention to that aspect of our find which related to the law of nations, pointing out the proviso in the Riga Treaty to this effect.

"Are you quite certain," asked Sokolnikoff, "that you will really find everything?"

"That I could not say," I replied. "You must remember that we did not discover all the specimens in one box, but that the pieces gradually emerge from various boxes and that days and sometimes weeks pass before we discover some objects. Thus a large goblet was first discovered and only a few

weeks later its cover was found. Moreover, it is quite possible that several objects of the Black-Heads' treasure will have been irretrievably lost. Thus we have not yet discovered any of the famous Black-Heads' figures."

"Well," said Sokolnikoff, "if we are going to have any bother about these things, it would be best simply to melt down the whole lot."

"That is quite out of the question," I replied. "It would be sheer vandalism. You must remember that the Black-Heads' silver includes really remarkable pieces which are known in literature and have been frequently described."

"All right," said Sokolnikoff, "then I give you carte blanche; do with it as you think right."

"Very good," I said. "I will collect all the pieces of the Black-Heads' silver and put them in a special safe. I should also venture to suggest to you that it would be a noble gesture on the part of the Soviet Government to return these objects to Latvia, once the classification in the Gochran has been completed. I am certain that the political advantage of such a gesture would be much greater than could be the comparatively small worth of the entire Black-Heads' silver treasure as measured by the Russian Budget."

"That is a different question," said Sokolnikoff. "For the present you had better collect all this silver and put it aside. We shall see afterwards what we are to do with it."

On November 28, 1925, the Black-Heads' silver, in accordance with the Treaty of Riga, was handed over by the Commissariat of Foreign Affairs to K. W. Osol, the Latvian Ambassador in Moscow. The treasure is now stored in its old place, in the steel chamber of the Black-Heads' house at Riga.

Altogether twenty-one silver pieces have been restored, among which were: the beautiful big figure of St. George (Lübeck 1507); the equestrian figure of Gustavus Adolphus (Augsburg 1684); the figure of St. Maurice on the Sea-Horse (Augsburg, middle of the seventeenth century); the big dish "The Fall of Phaeton" (Augsburg 1661); three large loving-cups, the "Riga Welcome" (Riga 1616); the "Lübeck Welcome" (Lübeck 1651), which the "Freightlords" of Lübeck had instituted; the "Amicitia Goblet" (Riga 1654); seven tankards, one cup and six dishes.

The majority of the objects restored are very remarkable examples of the silversmith's craft in the sixteenth and seventeenth centuries. The Society of the Black-Heads has recovered all the artistically valuable pieces of its treasure; and only the very rich and expensive plate bearing the monogram of the Black-Heads has been lost.

During the classification valuable sacred vessels were also discovered, although, as already mentioned, the confiscated Church silver was not being kept in the Gochran itself, but in a special building assigned for the purpose. The sacred vessels and other Church property, so far as they were preserved, were also locked up in a special safe.

One day, when examining the silver that had just been unpacked, I came across two silver vessels which I recognized as my own former property. These were a tall, gilt Russian goblet dating from the year 1735 and a Dantzig silver tankard from the year 1680 or thereabouts. I had formerly possessed a larger collection of silver ware, among which there were a few specimens which could claim an interest for Museums. During my absence my collection had been confiscated and, like all other silver, found its way to the Gochran. As I had photo-

graphic reproductions of the two specimens, any doubt as to their identity was excluded. At first I was somewhat surprised at the find, but I must confess that I had no feeling of bitterness. Any sentiment of personal property had been swallowed up by the vast sea of confiscated silver.

Showing no outward signs of my emotion, I simply called Dr. Cohn-Wiener's attention to my find.

The greater the heap of unpacked silver was growing on the shelves, the larger the number of the most prominent and valuable objects placed on the tables, the more the safes and cupboards in the workrooms were being filled with antique silver, the deeper grew the impression of the vast wealth of silver which Russia had accumulated during the last few centuries. Every day brought with it new finds, fresh excitements and surprises. Even the three assistants (members of the Communist Party), who were rendering the necessary help in handling the objects, had grown quite interested, and were anxious to know every morning what results the "excavations and explorations" of the day would yield. On my entering the workroom they often hurried to meet me with the exclamation: "Alas, unfortunately nothing has been found," or "To-day we have discovered particularly interesting pieces." Several times I took the opportunity of convening meetings of all the people who were taking part in the work, and in the presence of the director of the Hermitage, Troynitzky, and of Ivanoff, the director of the Armoury, we definitely separated the silver interesting for the Museums from the general lot.

It is remarkable, too, how few forgeries and imitations we discovered. I had given instructions to have two boxes placed in the workroom, one for absolute and undisputed forgeries and the other for doubtful objects. Of absolute forgeries and imitations we dis-

covered comparatively few specimens, mostly among the German, and only partly among the Russian silver. For a long time—and even to-day—copies of silver vessels dating from the Renaissance and the seventeenth and eighteenth centuries had been manufactured in Germany. The prices of the genuine specimens, especially of those dating from the sixteenth and seventeenth centuries, are so high that they are beyond the reach of the average purchaser. The imitations and forgeries were in due course brought to Russia, too. As for the Russian silver, only the very expensive specimens manufactured in the seventeenth century, such as gorgeous drinking vessels (the so-called "Bratina" or "Kovsh"), were imitated and forged.

Of doubtful objects, too, we discovered but few examples. By doubtful objects we understood those pieces the genuineness of which was not absolutely assured and which might eventually prove to be clever imitations. I remember that we discussed for a long time whether a large ornamental piece of the beginning of the seventeenth century, representing an elephant and a warrior in armour, was a genuine production or not. Opinions on the question differed. The vessel was so beautiful that we should all of us have liked to declare it to be genuine, but, unable to make up our minds, we ultimately put it among the doubtful objects.

Dr. Cohn-Wiener had undertaken the task of classifying the foreign silver, and a label was fixed to every silver object, after it had been examined, which contained a brief description, and the date and place of its origin.

Whenever they could be given, the names of the town and the artist and the date were indicated after the authoritative work of Marc Rosenberg entitled *Goldsmiths' Marks*. Science gained in the

process, as new marks and masters' signatures were discovered which had not been noticed by Rosenberg.

The work of classifying the old silver lasted for many months. Many hundreds of specimens came into the Museums, while thousands of objects, no longer of interest for Russia herself, were put aside for sale abroad. The big Russian museums, the Armoury in Moscow and the Hermitage in Petersburg, are so rich in first-rate silver ware that only exceptional objects of a superior quality or unique and historical were of any interest for them. Deducting from the lot the pieces destined for the Russian provincial museums, the remainder of the mass of non-Russian European silver was still of such a high level that when it was put on the European market a number of the articles were doubtless of interest for European museums.

Thus the result of the classification was that not only many museums had been enriched, but that about 11,000 specimens were saved from the melting-pot. The ordinary Russian silver plate of daily use and the Eastern silver, mostly of but small worth, were sold in big parcels to interested purchasers, while the less valuable, unsaleable silver went to the melting-pot. I may safely assert that not a single valuable specimen of the silver accumulated in the Gochran has been melted down.

If we remember how few are the valuable English silver objects dating from the sixteenth and seventeenth centuries which have escaped the Civil Wars and the concomitant turmoil and confusion, if we consider the fact that during the French Revolution and the Wars of Napoleon a vast mass of the most superb French silver of the eighteenth century was melted down, and that during the Wars of Liberation most beautiful German silver, too, was

swallowed up by the crucible, it must be considered a lucky circumstance that during the Russian Revolution none, or almost none, of the fine old silver had been lost.

On the contrary, the merciless confiscation of silver and art objects taken from the Church, the aristocracy, the landowners and the rich bourgeoisie, a proceeding employed by the Soviet Government as a means calculated to crush the power of the ruling classes, led to different results. In spite of the harshness and brutality with which, in particular cases, the confiscation has been carried out, it at least led to the result that silver plate and objects of art which had hitherto been little or not at all accessible to either art, science or the public in general, increased the wealth of Russian museums in a hitherto unexpected degree. It is, of course, a rather poor and painful consolation for the parties concerned.

CHAPTER XII

Reorganization of the Currency Administration. Impending official journey abroad. Refusal to grant permission for journey. Discussion with the G.P.U. Grant of permission to travel abroad. Death of Lenin. Journey to Berlin. Appointment as Foreign Representative of the Currency Administration.

ON my arrival in Moscow on October 18, 1923, I found in the Currency Administration an entirely changed picture.

Sch. had left the Currency Administration and been appointed Chief of another department of the Commissariat of Finance, while Nik., the Chief of the Gochran, had also been transferred.

The political Head of the Currency Administration was now N. G. Toumanoff, and the Deputy-Chief was K., both members of the Communist Party, while Professor Y. had been promoted Chief of the Currency Administration.

During my absence a change had been effected in the organization of the Currency Administration, new sections having been established and others amalgamated or changed. Among others a special section under the name of "Currency Funds" had been formed and the direction entrusted to Fe., a member of the Communist Party. As soon as I had taken up my service, Fe. presented himself to report on current affairs. From his oral reports, however, I could learn nothing, and I immediately noticed that I had before me a man who, from a practical point of view, had no notion of the tasks entrusted to him. I asked for the documents, and in a few minutes gathered what it was all about. I thereupon told him that it would be advisable for him, at the outset

and until he had sufficiently acquainted himself with the subject, to submit his reports in the presence of two assistants with whom I had already worked on previous occasions for a few months and who possessed a practical acquaintance with the subject. Fe., however, declined to accept my suggestion, pointing out that his prestige would thereby suffer. In order to meet him I declared myself ready to receive his personal reports while the two assistants were to be present only as silent witnesses. I thus hoped to have an opportunity of addressing on the spot all necessary questions to the two assistants without wasting any time. The obstinate fellow, however, would not hear of this suggestion either and complained of me to the political Chief of the Currency Administration, Comrade Toumanoff.

Toumanoff having asked me to come and see him, I explained to him the absolute impossibility of collaborating with Fe. to any practical purpose, as long as he had not made himself thoroughly acquainted with a subject entirely new to him. Toumanoff admitted that I was right and endeavoured to convince Fe. of the justness of my suggestion, but the latter persevered in his obstinacy and left us alone together. Thereupon Toumanoff said to me: "Do you know, Fe. is an old and tried member of the Party by whom he is greatly respected. It will serve no purpose to get into conflict with him on account of this question. As you have seen, he refuses to be persuaded, and I am convinced that you will be able to get on with the work even if you let him have his own way."

There was nothing left for me to do but to receive Fe.'s "reports" and to confer afterwards with the two assistants separately.

By the end of November the representatives of an

important French firm arrived in Moscow to confer with the Currency Administration concerning a contract for a large quantity of platinum. The negotiations were complicated and lasted several days. The final draft for an agreement at last having been approved by the Commissary for Finance, Sokolnikoff, the contract was signed.

I was now instructed by the Commissary for Finance to carry through the entire transaction in France, and he gave me a written order to that effect. Enclosing this order, I addressed, on December 6, a demand to the competent Police department dealing with foreign travel, and, handing in my passport, asked for the necessary *visa*. In five days I was supposed to receive back my *visa'ed* passport. On December 11 I sent my secretary to the Police to fetch my passport, but instead of my passport, he brought me the information that the *visa* had been refused. I was just conferring with the Frenchmen on some particular technical points of the contract in question, when my secretary brought me the unwelcome news.

I was greatly upset by this absolutely unexpected decision, and set every spring in motion to learn the reason of the refusal, but was unable to achieve anything in this respect. In my presence my colleague K. rang up the G.P.U. several times from our common workroom, and on each occasion he told me reassuringly that the matter was quite in order, the delay of my *visa* being due only to some technical formalities. At first I believed his reassurances and daily expected to receive my *visa*.

One day K. was again ringing up the G.P.U. asking Pokrovosky, the Chief of the department in question, to hurry with my *visa*, as my journey abroad was urgent for the purpose of carrying out as

speedily as possible a signed agreement. I could naturally only hear K.'s questions but not the answers he was receiving. I went out for a moment into the ante-room, there to send an urgent telephone message. As soon as I had raised the receiver I suddenly heard a conversation, and in a moment I realized, to my great surprise, that I was overhearing the conversation between K. and the G.P.U. Making up my mind to get to the bottom of the matter once for all, I listened to the conversation. I heard Pokrovsky saying:

"We have no intention whatever of letting him go abroad. Let him breathe for a while in our atmosphere."

To K.'s question whether there was anything serious against me, Pokrovsky replied:

"Had there been any serious accusation against him, you may be quite sure that he would not be sitting at this moment in his room and in his chair. There is no direct accusation against him, but he shall remain here nevertheless. You can surely find someone else to see the business through."

Now I knew, at least, where I was. In the meantime, December had nearly passed. My wife had fallen seriously ill in Berlin, and I was very greatly depressed. I realized my utter impotence in this fight for the *visa* and had to await the pleasure of the G.P.U. Ignorant as I was of the reasons why the *visa* had been refused to me, I indulged in all sorts of theories. The idea finally occurred to me that the real reason why the *visa* had been refused to me was the fact that I was not a subject of Soviet Russia but a foreigner,[21] a condition not compatible with the high post I was occupying in the State service of the Soviet Republic.

It was anyhow an unusual case for a foreigner to occupy an official post which comprised such a vast

and manifold field of activity and was connected with such responsible functions. I could therefore imagine that, for reasons of principle, the Political Police had raised objections against my going abroad as the bearer of important powers of attorney and State commissions. I knew quite well that I was not guilty of any offence, and clung, therefore, to the idea that it was only my being a foreigner which rendered me undesirable to the Political Police. One circumstance, though, rather puzzled me, and that was the fact that neither the immediate Chiefs I was dependent upon, nor any other authority, had ever asked me to give up my foreign nationality and acquire that of Soviet Russia. I was therefore compelled to assume that there were other motives behind the refusal to grant me the required *visa*.

In this position I addressed myself to Sokolnikoff, the Commissary for Finance, who told me that just at that moment the great discussion within the Party was going on, and that he was overwhelmed with work. As a member of the "Polit Bureau,"[22] he could, of course, personally stand surety for me, but his friends in the Party had pointed out to him that such an extraordinary step, just at the moment of the great Party discussion, was not advisable. I could, however, rest assured that although a few weeks might pass, I would certainly get the permission to go abroad.

I 'phoned to the Kremlin and spoke to Ambassador Krestinsky who had come from Berlin to the Party conference. I told him how matters stood, but Krestinsky replied that he could not interfere in the matter. My Chief was Sokolnikoff, the Commissary for Finance, and he was sure that Sokolnikoff would see to it that the man who was enjoying his confidence, and whom he had commissioned to carry

out important tasks abroad, should be able to travel abroad.

I could no longer bear the feeling of being at the mercy of the invisible, ubiquitous and all-powerful Secret Police. The elementary sense of freedom of every normal man in me revolted against it.

I went therefore to Toumanoff, explained to him my misgivings and doubts concerning my position as foreigner, and suggested to him that in order to remove what was in my opinion the chief obstacle in the way, I should of my own accord resign my post of Deputy-Chief of the Currency Administration. Toumanoff was quite sympathetic and ready to meet me, and had no objection to my suggestion.

On December 28, 1923, I consequently addressed the following written petition to Toumanoff, in his quality of member of the Collegium of the Commissariat of Finance.

"On the grounds of considerations of principle standing in the way of my official journey abroad in the quality of Deputy-Chief of the Currency Administration, and in view of the urgency and importance of the commission entrusted to me by the Commissary for Finance, I beg you, in the interest of the matter, to relieve me, as beginning on January 1, 1924, of the duties of Deputy-Chief of the Currency Administration and to appoint me Consulting Expert of the Currency Administration.

I declare myself ready to carry out abroad, in this quality of Consulting Expert, all the commissions of the Currency Administration and to undertake all the duties of a representative of the Currency Administration abroad."

The Commissariat of Finance had in its service an expert on jewels; the Commissariat of Foreign Trade had invited an Englishman to Moscow as an adviser; while in the Trade Delegations of the

Soviet Republic abroad a number of experts and officials of foreign nationalities were employed. Nothing, therefore, could stand in the way of my being appointed Consulting Expert to the Currency Administration.

I now hoped that through this voluntary concession—which was, of course, immediately communicated to the G.P.U.—I had removed the real obstacle in the way of my journey abroad. I was, however, mistaken, as the *visa* was still refused to me. I now understood that some denunciation must be before the G.P.U. and made up my mind to take the bull by the horns.

I asked Toumanoff to tell me quite candidly what accusations there were against me. I told him that I was anxious to defend myself energetically, being conscious of no guilt whatever. Toumanoff somewhat reluctantly replied that there were no formal accusations against me necessitating any official measures. The Central Control Commission (C.C.C.)—on whom the task of examining the official activity of State officials was incumbent—would, of course, have to examine certain indications and facts concerning my person which had been submitted and give a decision. More, he regretted to say, he could not tell me. The Central Control Commission would very shortly investigate the matter, and the question of my *visa* for a journey abroad would then be solved.

I thereupon suggested to Toumanoff that I should of my own accord reply openly, unreservedly and truly to all the questions he would care to put to me concerning my past, my former and present activity. Thereupon Toumanoff asked me the following questions:

(1) Was I a householder or owner of property either in Berlin or elsewhere?

(2) Was I the owner or partner of any banking-house in Germany or of some other credit, industrial or commercial concern abroad?

(3) Did I possess shares or certificates of partnership of similar concerns in some country?

(4) Did I, besides my post in the Currency Administration, occupy any other post, either as a member of the board of directors, for the committee of supervision of a German or any foreign credit, industrial or commercial concern?

To all these questions I replied truly and faithfully with a categorical "No."

Toumanoff now advised me to see also Comrade Gor., Chief of the Administrative Section (i.e. the Chief of the personnel) at the Commissariat of Finance, to have a talk with him and to answer his questions. On January 14, 1914, I visited Gor., at whose hands, however, I met with a rather rough reception, and who at once treated me as if I had been a culprit. I did not let myself be misled by his reception and firmly repeated to him all that I had said to Toumanoff. Gor. confirmed the statement that the whole matter was now before the C.C.C. who would have to take a decision whether I was to remain in the service of the State, and also with regard to my eventual journey abroad.

The reception I had met at the hands of Gor. was not encouraging, and the matter was clearly coming to a crisis. I had no real support, nor did I possess any personal friends who could help me in this situation.

From the nature of the questions Toumanoff had put to me, I gathered what I was probably being accused of, although in reality there could be nothing against me but a few groundless complaints. Under these circumstances, I would have to reckon with the possibility of waiting for months until I had

been whitewashed before the C.C.C. and obtained the latter's absolution.

The thought that notwithstanding the fact that I had fulfilled my official duties conscientiously, that in spite of my experience and knowledge of the subject and the deepest interest I had taken in the functions entrusted to me, I should have to wait perhaps for months for the decision of the C.C.C. revolted me in the highest degree.

In this nervous and over-excited state of mind, I felt the attitude of the C.C.C. to be an act of violence, and my utter impotence in the face of prevailing circumstances to be a personal humiliation. It went so far that when I returned to my hotel from the interview with Gor., on January 14, I was seized with a fit of sobbing. I was shaken by impotent rage and could only with difficulty master my nerves.

The idea that I could seek the protection of the Ambassador of my native land I had to dismiss, my high official position forbidding me on principle to adopt such a course of action. Besides, an eventual interference on the part of the Ambassador, far from serving any purpose, would have only complicated my position and made it worse.

I therefore decided to take extreme measures and to address myself to Comrade Menshinsky, the Chief of the G.P.U. On the following morning I spoke to Toumanoff about my decision, and he was kind enough to express his readiness to speak at once to Menshinsky about the matter. In my presence he rang up Menshinsky.

"Comrade Menshinsky," said Toumanoff. "You know L. from former days. Your department has quite crushed him, and he is no longer able to work. He has not yet received the *visa* for his journey abroad. I beg you to take a personal

interest in the matter and to see what can be done."

I could not hear the telephonic reply, but Toumanoff told me that Menshinsky had promised him to see what could be done.

A few more days passed, and in the afternoon of January 18 Toumanoff sent for me and showed me a communication which had been received by Sokolnikoff, the Commissary for Finance, from the G.P.U. It was dated January 16, and its purport was to inform the Commissary for Finance that the G.P.U. consented to my going abroad for ten days to join my wife who was ill. The G.P.U., however, made it a condition that no commissions of an official character should on this occasion be entrusted or given to me.

On the following morning I personally went to the competent Police department where I found my passport already *visa'ed*, the *visa* being dated January 16. On the same day I obtained the Latvian and the Lithuanian transit *visas*, put my business affairs in order and, in spite of its being a Sunday, had, on January 20, a last conference in the Gochran which lasted two hours. On Monday morning, January 21, I obtained the German *visa* and was thus ready for my journey. On Monday morning I called on Toumanoff and informed him that I was ready for the journey and would leave in the evening of that day. Toumanoff told me that the Commissary for Finance, Sokolnikoff, had just rung him up and expressed the wish to see me personally before my departure. I immediately rang up Sokolnikoff and asked for an immediate interview, but Sokolnikoff was not to be reached personally. Toumanoff thought that in view of the fact that Sokolnikoff was very much taken up with the Party discussion, several days would no doubt pass before

he would be able to receive me. I was not inclined to postpone my journey any longer and told Toumanoff that I would try to speak to Sokolnikoff to-night at his flat, on his return from the Party conference. Toumanoff left it to me to act as I thought right.

At 9.30 in the evening I went to the Commissary's apartment in the Metropole Hotel. Sokolnikoff was living very quietly, occupying three rooms, simply and modestly furnished. To the secretary's question whether I had an appointment I replied that I must have an audience on that very evening, as I was leaving Moscow in the morning (the next day was a holiday) and that I would wait for Sokolnikoff's return. The secretary, who knew me personally and was cognizant of the position I was occupying, told me that he doubted whether Sokolnikoff would be able to receive me now, but that he left it to me to wait for him if I wished it. At eleven o'clock Sokolnikoff, accompanied by Toumanoff, returned. I explained to the former the reason of my unannounced visit at such rather unusual hour and begged him to have his desired conversation with me at once, as I intended to leave Moscow to-morrow. Sokolnikoff agreed, and we conversed for an hour. He told me that my affair was just now being examined by the C.C.C., and that he would have preferred me to await the decision—the favourable issue of which he personally never doubted—so that I could leave provided with all the necessary orders. I begged him, however, not to insist on his request, as the matter could, after all, be delayed for a few weeks and I was anxious, as was comprehensible, to rejoin my wife who was ill. Besides, I was quite willing to conform myself to the decisions of the C.C.C. Should this decision turn out to be a favourable one,

all the papers could be forwarded to me to Berlin, and I would conscientiously carry out all the official commissions entrusted to me. Sokolnikoff declared himself satisfied with this solution and finally agreed to my leaving on the following day. We thereupon discussed, in Toumanoff's presence, all the questions connected with my official commissions and took leave from each other in a friendly way.

The next day was not a work-day but the anniversary of the Bloody Sunday of January 9/22, 1905,[23] on which the Government of the Tsar had given orders to fire, in the Square in front of the Winter Palace in Petersburg, at the peaceful procession which, headed by the priest Gapon and carrying images of Saints, was proceeding to the Winter Palace, so that nearly two thousand persons were shot dead or badly wounded in the Square.

I returned late to my hotel, slept badly and rose up very early. It was still dark, but I noticed several people in the passage. One of them, an Englishman, came up to me and whispered the words: "Lenin is dead." I did not understand him at first, so taken aback was I by this political news. When he repeated his words, I asked him in dismay whether he was aware what he was doing, for by spreading such an untrue rumour he was courting very unpleasant consequences. The Englishman replied that he knew quite well what he was doing. He had had this news confirmed that very morning, at six o'clock, in the Narkomindel (the Commissariat of Foreign Affairs). Lenin had died at eight o'clock on the evening before.

I went out into the street, and everywhere I saw flags covered with black crape, in memory of January 9, but the population was not yet aware of Lenin's death. It was only at three o'clock in the

afternoon that the news of Lenin's death was made known officially.

At seven o'clock in the evening I left Moscow. On the following morning civil funeral services for Lenin were celebrated at all the stations through which the train was passing. At two o'clock in the afternoon I was at the Latvian frontier station, Zilupe, and on the 26th I reached Berlin.

I heard nothing from Moscow until February 16 when I received a large packet containing the orders. No letter accompanied the orders, but the fact that they had been sent made it evident that my affair had in the meantime been examined by the Central Control Commission and that its decision had been in my favour. All the orders bore the date of February 8, 1924, and were signed by Sokolnikoff, the Commissary for Finance, and by Professor Y., the Chief of the Currency Administration.

In addition to my next task, which consisted in supervising the completion of the execution of the platinum transaction, concluded in December 1923 with the French firm, I was commissioned to discuss in New York and London the following questions:

(1) Conclusion of sales of platinum.

(2) Formation of a mixed company for the purpose of selling platinum.

(3) Coinage of silver and copper coins in the London Mint.

(4) Refining of raw silver in London.

(5) Purchase of refined silver in London.

(6) Realization of the antique silver accumulated in the Gochran and put aside for future sales.

As will be fully related in the following chapters, I carried out all the commissions, and in April–May went for this purpose to the United States. On July 9, 1924, on my return from New York, and

after having concluded in London the first big contract for the sale of platinum, I was appointed Foreign Representative of the Currency Administration, with my seat in London.

At the beginning of January 1925, in accordance with a decree issued on August 7, 1923, the Commissariat of Finance created a General Agency of the Commissariat abroad, with a seat in Berlin, and I was attached to the Agency as head of the commercial transactions. Towards the end of January 1925 I therefore left London for Berlin where I was attached to the General Agency.

CHAPTER XIII

Realization of platinum. Policy of sales. Contracts for sales. "Joint-Stock Company for the sale of precious metals." Berlin.

ONE of the chief tasks in front of me was that of turning again into normal channels the sale of Russian platinum which had entirely ceased between 1918 and 1922.

Previous to the World War Russia was the foremost producer of platinum, the production of which in 1913 was as follows:

In Russia			
	157,735 oz.	= 90·5%	(5072 kg.) = 330 pouds
In Colombia (South America) about			
	15,000 oz.	= 8·6%	(483 kg.)
Other countries			
	1,400 oz.	= 0·9%	(45 kg.)
Total	174,135 oz.	= 100%	(5600 kg.)

From 1911 to 1915 the price on the world market was quite stable, amounting in London to £9 5s. (that is 44·95 dollars) per ounce.[24]

During the World War the lack of platinum was very sensibly felt, all available supplies having been requisitioned for war purposes, so that all sorts of alloys had to be employed as substitutes.

After the war Russian platinum disappeared from the world market, the economical and political relations between Russia and the majority of other countries having been entirely broken off in the course of the years following immediately upon the November revolution. The Russian Government departments were effecting no sales at all, and only illegally a certain, though quite considerable, quantity of platinum (about 15,000 ounces in 1923, according to estimate) filtered through the Russian

frontiers. This platinum, exported from Russia illegally, was bought up in Riga, Reval and Harbin (Manchuria) by the local representatives of the big platinum houses.

Prices rose and were subject to very considerable fluctuations. In January 1920 the price of platinum on the world market reached the peak with £36 10s. (about 145 dollars) per ounce, sinking on June 28 of the same year to £18 (about 71.50 dollars). Towards the middle of 1923 the price was about 115 dollars per ounce and remained stable on this level.

The platinum firms now began to make the fullest use of all scrapings and refuse containing platinum, while bringing at the same time into the market a number of various new alloys. These alloys (known as white gold, plator, albador, osmior, and so on) consisted of gold and nickel, gold, zinc and tin, gold, palladium and platinum, and so on, and their technical qualities for ordinary purposes were but little inferior to those of pure platinum.

On the other hand, as a result of the increasing demand and the high prices, the production of platinum had risen in other countries, and chiefly in Colombia which, in 1923, produced about 45,000 ounces. After the Revolution the production of Russia had fallen very low and was only gradually rising. It amounted in 1923 to 57 pouds=*ca.* 30,000 ounces, and in 1924 to 105 pouds=*ca.* 55,000 ounces.

As a result of the high prices the consumption of platinum had changed in character. Whereas previous to the World War more than half of the total consumption was being used for chemical, electrotechnical and dental purposes, and the remainder only for the jeweller's industry, the proportions of

the consumption of platinum in the United States—the biggest consumer—in 1923 were as follows:

Chemical industry . .	9,578 ounces	=	5%
Electrotechnical industry .	23,937 „	=	13%
Dental industry . . .	26,557 „	=	14%
Jewel industry . . .	123,910 „	=	65%
Miscellaneous . . .	6,801 „	=	3%
Total	190,783 ounces	=	100%

In other words, the jewel industry was now using more than two-thirds of the total consumption, leaving only one-third for all the other industries.

As for the various platinum metals, the consumption in 1923 was distributed as follows:

Platinum	152,376 ounces
Iridium	6,494 „
Palladium	30,201 „
Other allied metals (osmium, rhodium, ruthenium)	1,712 „
Total	190,783 ounces

It was now a question of re-conquering for Russia—which in the course of five years (1918–22) had disappeared entirely from the platinum market—the place due to her in the world market. Without delay a place had to be created on the world market, both for the current Russian production as well as for the gradual realization of the accumulated stocks, without, however, upsetting to any extent the existing prices on the world market or lowering them.

It was my firm conviction that this difficult problem could not be solved by means of irregular and occasional individual sales to divers interested parties. What was required was an understanding and a systematic collaboration with the big firms who were controlling the international platinum market.

Russia had first of all to make her reappearance on the world market as seller, and for that purpose the

Currency Administration sold towards the end of May 1923 to an important German firm dealing in metals a quantity of 9640 ounces at a fixed wholesale price. The latter immediately sold the lot to American and European platinum firms.

The idea now arose of forming a mixed company, together with one or several of the big platinum firms, whereby the Soviet Government and the platinum firms would respectively supply half the amount of the share capital.

The sale of the entire Russian platinum was then to be entrusted to the mixed company. In this way an already existing selling organization, disposing of widely ramified connections, with its traditions and an experience extending over many years, could be utilized, thus obviating the necessity of building up a new organization.

Acting upon instructions received from Sokolnikoff, the People's Commissary for Finance, and the President of the Chief Committee of Concessions, I negotiated to this effect in September and October 1923 both in London and in Paris, but, in spite of all my endeavours, it proved impossible at that time to reconcile the conflicting and opposed interests. The conditions demanded by Russia from the other contracting parties with a view to their participation in the mixed company proved, in several points, unacceptable to the platinum firms.

After my return to Moscow on October 18, 1923, I presented an exhaustive report on my negotiations. The idea of constituting a mixed company was not entirely given up, and negotiations were again resumed in London, but finally came to nothing.

In the meantime, the efforts were continued with a view to selling the existing stock, and on December 14, 1923, the Currency Administration concluded a contract with an important French firm for the

sale of 11,200 ounces of platinum at an advantageously fixed wholesale price.

In the spring of 1924 I went to London and New York where I carried on wearisome and protracted negotiations with the leading platinum firms and finally succeeded in bringing about the first half-yearly agreement. On June 23, 1924, a contract was signed in London with the leading Anglo-American group for the sale of 29,800 ounces, to be delivered by the end of the year.

With a view to reassuring the platinum market as to the intentions prevailing in Soviet circles, I gave, on May 12, 1924, an interview to the leading American journal, *Engineering and Mining Journal Press*, in New York. In this interview I explained that the Soviet Government did not intend to dump its stocks of platinum suddenly upon the market, but that it would adapt its policy of sale to the requirements of the market, thus endeavouring to keep, as far as possible, the prices on a stable level.

Towards the end of August 1924 I was invited by Frumkin, the Deputy People's Commissary for Finance, to submit an exhaustive memorandum on the platinum question, a memorandum intended to serve as a rejoinder to the criticism raised by the "Superior Economic Council" against the selling policy adopted by the Commissariat of Finance. In my report of September 12, 1924, containing twenty-three pages, I accordingly gave full and detailed answers to the complicated platinum problem.

My views and opinions were summed up as follows:

(1) If Russia was to re-conquer the world market without upsetting and eventually lowering the then existing level of prices of about 116 to 118 dollars per ounce,[25] this could be done only by a systematic collaboration with the big platinum firms.

(2) The largest quantity of Russian platinum which could be disposed of for the next two years (1925 and 1926) and at the current price then prevailing on the world market, was at the rate of *ca.* 65,000 to 70,000 ounces per annum.

(3) A forced sale calculated absolutely to dispose of a larger quantity would only result in a slump and consequently in a very considerable loss.

(4) The normal new Russian production for the next two years (1925 and 1926) would have to be limited to about 125 pouds (=about 66,000 ounces) per annum.

The Currency Administration—partly on account of pressure from the workmen in the Urals who feared that some of them would lose their jobs if the output were restricted—not being satisfied with these views, instructed me *absolutely* to sell firm in 1925 180 pouds (=*ca.* 94,700 ounces) at the price current on the world market (that is, at the wholesale price of 108 dollars per ounce).

Considering the exceedingly sensitive state of the platinum market, whose demands were limited and whose capacity of absorption could only gradually be extended, such a sale was out of the question.

I knew that in their own interests the big firms were animated by a serious desire to meet Russia in every respect, in order to obviate a thoughtless action on her part on the platinum market and a subsequent heavy slump. I also knew that the big firms were ready to make heavy financial sacrifices, in order to come to an agreement. I knew, however, at the same time, that if the big firms were anxious to maintain the hitherto prevailing price level, they would have to absorb not only Russian platinum but the total supply of platinum in the world market, including, that is to say, the Colombian production of 45,000 ounces.

It was clear to me that an arrangement between Russia and the big firms was the only right, the only advantageous solution of the problem, as far as Russia was concerned. A yearly contract for 70,000 ounces would have guaranteed to the Russian Commissariat of Finance a fixed item of revenue to the amount of 7,500,000 dollars, paid in monthly instalments of 625,000 dollars. Any risk for Russia was quite excluded, as the entire burden of the sale, of the regulation and the control of the world market would lie on the shoulders of the big firms.

I had, however, to count with certain currents of opinion prevailing in Moscow, consciously intent upon provoking a fight. It was asserted that by suddenly throwing upon the market vast stocks, the market would be disorganized, the prices lowered recklessly and the Colombian competition crushed for ever, leaving to Russia the place of dictator on the platinum market.

I firmly opposed such an adventurous policy, repeatedly making it clear in my reports to the Currency Administration that there was absolutely no reason to assume that the Colombian industry, in which a vast capital was invested, could be crushed by a sudden slump, and that, moreover, the cost price of the new Russian platinum production was in itself very high, much higher than it used to be before the war. I pointed out that a slump would not only result in a heavy loss for the new Russian industry, compelled to work without any prospects of profit, but that the old and still considerable stocks of platinum of the Soviet Government stood to lose a large portion of their value, and consequently could not be used to the same amount as hitherto to cover the circulation of paper currency. I also expressed the conviction that a real increase of consumption, that is a considerably greater

capacity of absorption by the market, could by no means be effected by a fall in prices at the rate of from ten to twenty dollars per ounce. If the technical industries were to see an advantage in returning to their former large consumption of platinum, prices would have to fall—for all time—to a figure which from the point of view of the cost of production was impossibly low.

At the beginning of January 1925 I thoroughly explained to the Chief of the Currency Administration, Professor Y., who had come to London, both the situation of the platinum question as well as my own point of view.

In short, I did everything I could in order to effect an understanding between the Soviet Government and the big firms on the platinum market, thus expecting to obviate a sudden slump which would have occasioned a very heavy loss to Russia, both as owner of vast old stocks and as producer.

In spite of all this, however, the competent authorities in the proper quarters in Moscow, who either did not or would not understand the actual situation and the ins and outs on the platinum market, put, in this respect, great obstacles in my way.

Towards the end of November 1924 I received a wire from Moscow, coming from K., the Deputy Chief of the Currency Administration, who informed me that the Moscow representative of a big German concern dealing in metal had made a firm offer to the Commissariat of Finance for the purchase of 3000 kg. of platinum (96,500 ounces = 183½ pouds) at a high price, delivery to be made in the course of 1925. The offer being a very advantageous one, I wired to the Currency Administration advising it to accept the offer at once. The matter nevertheless struck me as somewhat doubtful, the quantity being much too high to be sold firm at a high

price. I therefore decided to investigate the matter, and forthwith proceeded from London to Germany, where I visited the firm in question. Nothing was known at headquarters of the firm offer of their Moscow representative, and the firm was rather upset on hearing my news. After a long telegraphic exchange between the firm and its representative at Moscow, it finally turned out that it was quite the contrary of the information K. had sent me officially. It was not the German concern that had made a firm offer to the Currency Administration for the purchase of 3000 kg., but, quite on the contrary, the Currency Administration that had sent a written offer to the German concern for the sale of 3000 kg. of platinum at the rate of 109.50 dollars per ounce, the metal to be delivered in 1925. This offer, which was to hold good until December 11, 1924, was naturally not accepted by the German firm.

There was perhaps some method in this "misunderstanding"; it was probably intended to spur me on to obtain even better conditions and to proceed more energetically. To me, however, this attempt on the part of the Currency Administration to hoodwink and deceive its own accredited representative with regard to the real chance of carrying out the transaction appeared somewhat naive and clumsy. When, therefore, K. wired me again from Moscow on February 6, 1925, that interested Japanese parties had bought firm for Japan a very substantial amount of platinum, namely, 30 pouds = 15,780 ounces, to be delivered in 1925, at the high rate of 110 dollars per ounce, I took the information for what it was worth, firmly persuaded that its improbability would soon be proved, and such was really the case a few weeks later.

In order not to allow any break in the supply of Russian platinum on the market, a quantity of

10,000 ounces was sold in London on January 31, 1925, with the consent of Moscow, to the leading Anglo-American group.

In the meantime I was doing my utmost to induce the aforesaid group to grant far-reaching concessions to the Currency Administration, whose standpoint I energetically defended in my negotiations. Several times the negotiations were broken off and again resumed, and they finally ended with Sokolnikoff's, the Commissary for Finance, consenting to the conclusion of a yearly contract for 1925 which he commissioned me to sign.

Thus, on April 2, 1925, a contract was effected in London whereby the Anglo-American group purchased a quantity of 60,000 ounces at a fixed high wholesale price, the metal to be delivered by December 31, 1925. Adding to this amount the 10,000 ounces bought previously on January 31, 1925, it was the important quantity of 70,000 ounces which had in this manner been disposed of on the market without in any way upsetting the prices.

While this struggle was going on, Moscow had already conceived the idea of creating her own organization for the purpose of selling Russian platinum, and I was instructed to elaborate a scheme for a company of this character. The aims of the company should be an absolute independence and a free hand on the platinum market, a perfect freedom with regard to the existing firms and groups who had been hitherto controlling the market, and a restless endeavour to dispose on the world market both of the Russian output and the old Russian stocks.

It is characteristic that in certain quarters an attempt was made to embellish this purely commercial aim, prompting the foundation of a company, with the cloak of party politics. Towards the

middle of March 1925 the General Representative of the Commissariat of Finance abroad, S. of Berlin, addressed himself to the Commissary for Finance, Sokolnikoff, requesting the latter to publish a notice in the Moscow press with reference to the platinum-sale company about to be founded. S. suggested that the notice should run as follows:

"In view of the artificially created monopoly on the platinum market, in which neither producers nor the numerous consumers have any interest, a monopoly which only exists in the interests of a few big firms who have usurped the realization of platinum, the Commissariat of Finance is contemplating the advisability of founding abroad a Joint-Stock Company for the sale of platinum, a company calculated to make the acquisition of the metal accessible to wide circles of consumers."

That platinum is not an article of the first necessity and does not enter in question as far as the masses are concerned, is a well-known fact. It remains, therefore, the General Representative's own secret as to what he meant by the "wide circles of consumers." His allusions are the more nebulous when one considers the fact that both for fiscal reasons and because of the high cost of production of the Russian platinum, the contemplated company would necessarily have to do its utmost to prevent a slump or even a perceptible sinking of current prices.

I resigned my post on May 1, 1925,[26] and I will therefore only briefly sketch the later developments.

The proposed company was formed in Berlin on December 3, 1925, under the name of "Edelmetalle-Vertriebs-Akt-Ges" (=Joint-Stock Company for the sale of precious metals).

The above-mentioned contract of April 2, 1925, was carried out to the satisfaction of the contracting

parties. Towards the end of 1925 the struggle began afresh for a further contract. On the Russian side efforts were being made to play off other contracting parties against the Anglo-American group, and in January 1926, 15,000 ounces were sold to a French firm. An agreement was finally arrived at, and on March 22, 1926, the "Joint-Stock Company for the sale of precious metals" effected a contract with the Anglo-American group for the delivery of 78,000 ounces of platinum in the course of one year, up to the end of March 1927, at a price which, notwithstanding the large quantity, amounted to more than 100 dollars per ounce.

At the expiration of this contract, on April 1, 1927, Moscow decided not to enter into any more monopoly agreements, and the "Joint-Stock Company for the sale of precious metals" undertook "now to organize independently the sale of Russian platinum on the world market."

The result of this organization was—as might well have been expected—a terrible slump (for a time, end of July 1927, down to 62 dollars per ounce in retail, that is about half) and an inexcusably heavy loss not only for the Soviet Government, but also for all the other parties concerned in the platinum market: producers, refiners, dealers and consumers.

In its report of February 25, 1928 (for the commercial year beginning October 1, 1926, and ending October 1, 1927) the "Joint-Stock Company for the sale of precious metals" dismisses this state of affairs in the following lines:

". . . The fact of the increased output of Russian platinum on the world market has naturally resulted in a decline of platinum prices. The measures taken by certain interested parties for the fixing of the prices could no longer be decisive, as

prices were now becoming dependent on the cost of production. The modernization of the plant for the production of platinum and the installation of the latest electrical machinery and dredges of high capacity had resulted in such a diminution of the cost of production that sale prices could be fixed which were not merely equal to the costs of production in other countries, but even lower.

"The result of this reduction of prices has naturally been very obvious, and we can assert that our Company has been able to get a firm footing in the platinum market, where our efforts have, in a certain measure, been furthered by our success in enlisting the services of first-rate firms in all important places, firms which undertook to represent us and to sell Russian platinum.

"The sales we have been aiming at have considerably increased. The selling activity for the past months of the new business-year shows a bright outlook . . . so that one may count upon a favourable development for the current year, in so far as unforeseen circumstances will not interfere."

Thus, to judge by this report, the "Joint-Stock Company for the sale of precious metals" seems to be quite satisfied with the results obtained.

It nevertheless remains a fact that the other producers, too, above all Colombia, have not disappeared from the world market, in spite of the slump; nor have the big firms, in spite of the heavy losses they have suffered, been ruined. In fact they continue to exist and to control the world market as before. On the contrary, the production of Colombia has increased, and may be estimated at about 60,000 ounces per annum, while South Africa has entered the market as a serious producer only in the course of the last two years.

It is also a fact that the official price in New York

for retail sales of platinum during the first quarter (January–March) of 1929 was about 64 to 65 dollars per ounce (as against 112 to 120 dollars per ounce from 1923 to 1926), that is to say, it had come down close to the limit of the Russian cost of production.

It is finally a fact that the actual loss of millions of dollars suffered by the Russian Budget and by Russian national economy through the disastrous policy of selling—a loss which, at the lowest estimate, will amount to 5,250,000 dollars for the period from April 1, 1927, to April 1, 1929—can never be made good by the highly sounding and most beautiful phrases in the report of the "Joint-Stock Company for the sale of precious metals."

It should, moreover, be borne in mind that in spite of the absolutely useless sacrifices and notwithstanding the fact that the competition of the other producers has not been got rid of, the Commissariat of Finance has not succeeded in attaining its real goal, which was to establish its own independent selling organization for Russian platinum.

Now, as before, the sales are not effected by the Company's own departments, but by various dealers in platinum in London, Paris and New York, who are working on a commission. The only difference lies in the fact that whereas formerly the Currency Administration used to sell every year firm a large quantity at a high price and thus played on the world market the part of an important, decisive and stabilizing factor, the "Joint-Stock Company for the sale of precious metals," which is employing a many-headed staff, is now bringing upon the market platinum in small quantities which it is selling on commission and at low and constantly fluctuating prices. It is consequently not in a position to guarantee to the Russian Budget any fixed item of revenue which could be exactly estimated in advance.

There is no doubt that under the present constellation the "Joint-Stock Company for the sale of precious metals" is nominally independent, but in reality it is perhaps even more dependent upon the big platinum firms, which are both controlling the market and fighting against the Company, than was the Currency Administration with its monopoly contracts from 1924 to 1926.

The goal aimed at by the Company in the above report of February 25, 1928, namely, "to reconquer for Russian platinum the position it enjoyed before the war, when 96 per cent of the world's demand for this metal was supplied by exports from Russia," is, under present conditions, a deplorable Utopia.

To-day, when besides Russia, other countries, too, and especially Colombia, South Africa and Canada, have developed their respective productions to a considerable extent, Russia can no longer claim 96 per cent of the world's demand, but only the place due to her, under existing conditions, in the world market. And this place is not being disputed to her, for, by a suitable agreement with the already existing factors on the world market, Russia can more easily and more surely maintain her place than she will by a price competition, necessitating heavy sacrifices.

This fight, started two years ago, which in reality was a fight fought for the dictatorial position of Russia in the world market and for the annihilation of Colombia and other competitors, may to-day be considered as finally lost.

CHAPTER XIV

The Mint in London. Coinage of Russian silver and copper coins. Purchase of refined silver. Refining of Russian silver.

IN addition to my other tasks, I had also been commissioned to treat in London with the Royal Mint for the coinage of Russian silver coins.

The introduction of a fixed gold standard in 1923, the gradual revival of trade and commerce, of banking and industry, in consequence of the "New Economic Policy," the so-called "N.E.P.," resulted in an urgent need for coins of value and small change.

During the many years which had elapsed since the war, gold and silver coins had entirely disappeared from circulation, paper-money having taken their place. The paper had of late frequently changed its design, while its rate of exchange varied from day to day. Moreover, so much and such varied emergency paper-money had during the Civil Wars been issued in the numerous provinces of the Russian Empire—by the various temporary rulers—that the people, and especially the illiterate rural population, had lost all their confidence in paper-money.

The former gold rouble remaining the monetary unit of the new standard, a new gold coin was stamped, the golden Tchervonetz (10 gold roubles =£1·06) which, however, did not get into general circulation. Had such been the case, the population would have immediately absorbed it again, and the new coin would undoubtedly have disappeared from circulation.

The face of the golden Tchervonetz shows a peasant walking over the fields, sowing corn; to the right, in the background, factory chimneys are

smoking, while to the left the sun is seen rising. Above this picture, in a half-circle, is an inscription traced in beautifully shaped letters and containing the words "Odin Tchervonetz" (=one Tchervonetz) and the year 1923. On the verso are engraved, in similar letters, the motto: "Proletarians of all countries, unite!" and the arms of the R.S.F.S.R.

When the new standard had been introduced, the Currency Administration was faced by the task of bringing into circulation a silver coin calculated both to symbolize clearly the idea of the Soviet power and at the same time to meet artistic requirements.

In the summer of 1923 three well-known Russian engravers and the medallist of the Mint were commissioned to submit artistic designs of a silver rouble and a silver half-rouble, the so-called "Poltinnik" (=50 copecks), for a closed competition. The subject given was: To draw a peasant and a workman together, and a peasant and a workman separately. The designs submitted by Serge Grusenberg were chosen and approved of by the Commissary for Finance.

The silver rouble exhibits on its face the image of a workman, whose outstretched right hand is pointing out the rising sun to a peasant, a design intended to symbolize the union of the workman and the peasant in the sense of the establishment of the Union of Soviet Republics.

The silver Poltinnik exhibits on its face the image of a workman working with his hammer on the anvil and manufacturing agricultural and industrial implements, while a cog-wheel and a plough are at his feet. On the verso of both coins are engraved the motto and the arms of the Union of the Soviet Republics.

The Mint in Petersburg had plenty to do in

coining silver roubles, silver change (20-, 15- and 10-copeck pieces) and small copper change. It was not in a position to produce the urgently required big quantity of silver Poltinniks. The coinage of Poltinniks had therefore to be carried out elsewhere, and the Mint in London was suggested as the most appropriate place. It had at all times been executing orders of coinage for various States and was well known for the excellent quality of its work.

After lengthy negotiations which I carried on in London with the Royal Mint, a contract was concluded on March 27, 1924, by which the Mint agreed to coin 40 million pieces of silver Poltinniks, representing the monetary worth of 20 million roubles. The Poltinnik has the value of about one shilling and is the most popular coin in Russia. This coin, containing 900 parts of silver and 100 parts of copper, has a total weight of 10 grammes.

The commission was to be executed and the entire amount delivered after four months, to be counted from the day when the specimen coin submitted by the London Mint had been approved of by the Currency Administration.

The vast quantity of refined silver required for the coining, to the amount of 360,000 kg. (=360 metr. tons), was bought by order of the Currency Administration, chiefly in London, by big firms of brokers and in conformity with the exchange regulations. The purchase was carried out strictly confidentially and in a circumspect manner so as not to cause the price of silver to rise. Every day the brokers commissioned by Russia closed for smaller parcels until the entire amount needed had been purchased.

A portion of the required quantity was supplied by Russia herself. Church and other silver, melted down in the Mint in Petersburg, was sent by steamer

directly to London, where it was refined in great smelting works, the refined silver thus obtained being handed over to the Mint in London. Altogether, in accordance with an agreement concluded on July 3, 1924, 16,000 pouds = 262,000 kg. of the melted silver brought from Petersburg were refined in London during the summer and the autumn of 1924.

In addition to the silver coins the Mint in London was also instructed (on the basis of an agreement made on July 5, 1924) to coin 40 million pieces of 5-copeck copper coins, representing a monetary value of 2 million roubles. The necessary quantity of 645 tons of electrolyte copper was bought in the London market. Besides the London Mint, the copper coins were also stamped in a private Mint at Birmingham—under the supervision and the responsibility of the London Mint. Both these orders were fully executed by the London Mint by the end of November 1924 to the entire satisfaction of the Currency Administration. The new coins, in proportion as they were being coined, were forwarded by steamers directly to Petersburg and at once brought into circulation.

The order for the coinage of Russian silver coins had at the time aroused the interest of the British public and was favourably commented on in the Press.

CHAPTER XV

Realization of old silver. Negotiations for public sales. Refusal of auctions.

THE third task in front of me was a rational organization of the sale of the old silver classified in the Gochran.

The Russian museums having received from among the objects discovered all that was of any value for them, there still remained thousands of pieces, some of which could rightly claim an interest for museums, others representing highly valuable specimens for collections, while the bulk contained good material for the average curiosity shops.

I had to reckon with the fact that as half of the objects found were of Russian origin, they could be sold only with great difficulty. Formerly there existed a wide market for Russian silver of the seventeenth and eighteenth centuries as well as for that of the beginning of the nineteenth century, a market which at once used to absorb good specimens at high prices, while the average work equally found ready purchasers. The home market, however, had as good as disappeared under Soviet conditions, while the foreign market, which had no knowledge of either Russian silver or of Russian art in general, showed no interest in Russian silver. At the utmost, only the centres of Russian emigration could come into consideration, chiefly Paris, where several Russian dealers in antiquities had in the meantime established themselves, and begun a successful propaganda for old Russian art.

As far as foreign countries were concerned, a lively interest only in old silver of a foreign origin, chiefly

French, English and German, could therefore be counted upon.

Considering the fact that old silver, like antiquities in general, does not command a fixed, definitely established market value, the prices fluctuating and depending upon chance, fashion, and the fancies and individual tastes of the purchasers, the only right way to dispose of the goods was a rationally organized sale by auction, particularly for the sale of specimens of a superior, good and average quality.

The usual market wares (silver vessels of daily use dating from the nineteenth century and of Russian origin, and so on) could surely be disposed of to dealers by way of sales in instalments of large quantities.

Having studied in Berlin, Paris and London the conditions necessary for a sale by auction, I convinced myself that Berlin was the most appropriate place for such a sale. As in 1924 France had not yet resumed her diplomatic relations with Soviet Russia, a sale by auction in Paris was altogether out of the question. In England, on the other hand, insurmountable customs difficulties stood in the way of the import of large quantities of old silver. The English customs laws demanded that all silver-ware manufactured since 1800 and imported to England should be hall-marked with the English stamp. Moreover, comparatively little English silver had been found in the Gochran, so that, as far as any public sale was concerned, England was also out of the question. There was another reason, too. An important English firm of auctioneers, whom I had approached in August 1924 with regard to a public sale of valuable snuff-boxes, was absolutely disinclined to entertain the idea of a sale by auction. During the inspection, they said, there was a possi-

bility of former owners of the objects turning up, a circumstance calculated to harm the reputation of the firm and to call in question the success of the auction.

Towards the end of July 1924 I therefore resumed negotiations, already begun in February, with one of the biggest art auctioneering firms in Berlin, which, in spite of the then existing diplomatic conflict between Germany and Russia, consented to undertake the sale by auction. In October 1924 the firm sent its representatives to Moscow where they negotiated directly and successfully with the Currency Administration. The result was that on November 1, 1924, an agreement was arrived at in Moscow, whereby the firm in question was commissioned, on certain quite acceptable terms, to arrange, in the spring of 1925, a sale by auction of old silver, snuff-boxes and so on at Berlin.

The entire lot of the old silver to be sold by auction was estimated by the competent authorities in Moscow at 1,446,848·25 roubles = £150,000. Among the items were:

Russian palace silver to the amount of 292,154 roubles.

Foreign palace silver (i.e. French, German and English) to the amount of 548,445 roubles.

Total, 840,599 roubles.

The Berlin firm had engaged itself to prepare a scientific and carefully elaborated catalogue containing many illustrations of the objects put up for sale, so as permanently to establish the artistic and scientific worth of the objects to be sold. In accordance with the agreement arrived at on November 1, the firm in December sent its representative to Moscow, where he minutely examined the objects on the spot and also settled with the Currency

Administration the reserves to be put on the separate objects.

On January 2, 1925, I had a long discussion with the firm and settled the question of the banking guarantee to be furnished by them. The Currency Administration, when concluding the agreement, had made it a condition that a big bank should give adequate security for the firm, both for the safety of the goods entrusted to them as well as for the eventual proceeds of the sales.

On my return to Berlin from London, towards the end of January 1925, when I was to take up my definite post in the General Foreign Agency of the Commissariat of Finance, the General Agent S. informed me that it had been decided after all not to let the sale by auction of the old silver take place in the spring of 1925. Both the Trade Delegation and the Embassy had taken a decision to this effect, the reason for which was the following: Considering the vast number of silver objects to be put up for sale, a considerable portion of which was private property confiscated by the Government, it could be assumed that in many cases former owners of the objects living in Berlin would come forward and establish their rights by producing photographic reproductions or other proofs. The entire matter, after all not being so important from the point of view of the Budget, it was not worth while to risk unpleasant incidents for its sake.

I pointed out to S. that as the contract had already been agreed to by the Currency Administration, I could see no plausible reason for cancelling the agreement concluded with the German firm, which had already incurred many preliminary expenses. Moreover, the political objections which could be raised against a sale by auction had already been fully discussed and considered in the course of the

negotiations in Moscow in October. S., however, insisted on his proposal to cancel the agreement and to inform the firm verbally of the decision. I went to the Embassy, where I learned that although the Embassy had entertained no such objections against the projected sale by auction, the doubts having been expressed only by the Trade Delegation, namely, by the Trade Delegate Starkoff, the Embassy did not venture to oppose such a decision.

I consequently informed the firm in question, on February 5, that in view of political reasons and motives which had recently arisen, the Currency Administration was, to its regret, compelled to cancel the agreement for a sale by auction. The directors of the concern were free in violent invectives and reproaches against the Currency Administration, which I naturally had to defend. I explained to the firm how futile it would be to bring a case against the Administration and urgently advised the directors to accept the situation as it was, putting before them the hope that later on, when these political considerations had lost their weight, they would receive new orders for sales by auction.

The firm at last consented to calm down and to accept the cancellation of the agreement by the Currency Administration. It bought, as a sort of compensation, from the Currency Administration several lots of silver plate of daily use, dating from the nineteenth century, at a price which was slightly below that previously fixed upon.

When the Deputy Chief of the Currency Administration, Comrade K., who had concluded the contract with the Berlin firm and who was now at the head of the Gochran, heard what turn events had taken, he raised a vehement protest. In his letters to S., the General Foreign Agent of the Commissariat of Finance, he declared that to cancel one-sidedly

contracts concluded by the Currency Administration, especially when his own opinion had not previously been consulted, was not at all a proceeding to be recommended. The prestige of the Currency Administration and the Commissariat of Finance, and consequently also of Soviet Russian authorities, would suffer greatly if parties contracting agreements with these authorities were to gain the impression that contracts once concluded were afterwards being broken and cancelled. In any case, the lion's share of blame lay on the Representative of the Currency Administration, who, on no account, had a right, even orally, to inform the firm that the agreement had been cancelled. It was here where K., who on the whole was perfectly right, was quite wrong. I, as Foreign Representative of the Currency Administration, had definite instructions, clearly emphasized in my orders, to carry out all my transactions abroad only with the knowledge and consent of the Ambassador accredited to the country in question. If therefore the Ambassador had declared to me that for certain reasons he could not let the sale by auction take place in Berlin, his decision alone was, as far as I was concerned, conclusive. It was the business of the Embassy to explain the matter afterwards to the Currency Administration. Anyhow, I was obliged, under all circumstances, to submit to the decision of the Ambassador.

A rather unpleasant correspondence between S. and K. ensued. S., in his answers, threatened to bring K. before a tribunal of the Party should he persist in his attacks against him. He moreover declared that he found it rather strange that K. should defend the interests of a German firm with such zeal and vehemence. Notwithstanding my express request, S. never referred with one word to the reproach hurled at me. He never said that far

from bearing the lion's share of the blame, I was not at all responsible for the turn events had taken. He passed over in silence the fact that I had informed the firm of the cancellation of the agreement only at his own express request and at the desire of the Embassy.

The silver confiscated in Moscow was thus not put up for auction in Berlin. Later on, towards the end of 1925, when I had already resigned my post, the silver was brought to Berlin in small parcels and sold, in the course of several years, by retail, without plan or method, to individual dealers in antiques and to interested parties.

In a sale effected in this way, it was only natural that the best cheaply priced pieces were at once disposed of, while the more expensive specimens, or such as were not so easily saleable, remained. Moreover, the objects were never either catalogued or illustrated, and were thus as good as lost for scientific purposes.

CHAPTER XVI

Berlin. General Foreign Agency of the Commissariat of Finance. Resignation of my post.

ON February 2, 1925, I resumed my work in Berlin in the General Agency of the Commissariat of Finance.

At the suggestion of Sokolnikoff, the Commissary for Finance, I visited at the beginning of March the Fair at Lyons, where platinum, in bars and manufactured objects, was exhibited in the Soviet pavilion. Herriot, the French Minister and Mayor of Lyons, and Krassin, the Soviet Ambassador in Paris, visited the Soviet pavilion on March 8 and minutely examined the platinum exhibits.

I thereupon went to Paris and London, where I carried on negotiations relating to current affairs of the Currency Administration, and returned to Berlin on March 23.

In pursuance of a telegraphic order from the Commissary for Finance I went again to London towards the end of March. On April 2 I signed a yearly contract for the sale of platinum and once more returned to Berlin.

On April 15 the General Agent S. handed me a letter signed by himself wherein I was informed that in accordance with a wire just received from the Currency Administration the post of Commercial Representative at the Agency had been abolished, "in view of the contract recently concluded in London for the sale of platinum for the current year, and also because no other commercial transactions were expected to take place in the near future." I was at the same time informed that I had been ordered to return to Moscow to take up my service

in the Currency Administration, and was asked to fix the date when I expected to complete my current tasks and to return to Moscow.

The news came as a surprise to me, the more so as the reasons given for my recall did not correspond with actual facts, and therefore produced on me a rather curious impression.

In any case, the news was clear. It meant that I was to go to Moscow on permanent service, that is, for an absolutely indefinite period, perhaps for years. Such a proposition, after all my past experiences, was quite unacceptable. I should, above all, have to travel alone this time. But apart from family considerations, apart from the general conditions prevailing at Moscow, I should, under the circumstances which I have described, certainly not find in Moscow the field of action which I was striving after.

My work interested me immensely, as it comprised vast, complex and unusual problems, and absorbed me entirely. Abroad, however, even now, when I was a wheel in the machinery of the General Agency, I had an opportunity of displaying my initiative and of enjoying a certain amount of independence and freedom of movement. In Moscow it would be impossible; of this I was now certain.

I was now faced by a difficult question, the more so since the General Agent was urging for a speedy reply.

I therefore decided to ask the Agent for his unreserved personal opinion. He replied that it was impossible for him to advise me, and that I should have to take a decision on my own responsibility. There was no doubt that I had displayed energy and initiative in carrying out the commissions entrusted to me, but it was rather questionable whether I should be able to retain a similar inde-

pendence while working for the Currency Administration in Moscow.

"Did you not once say yourself," continued S., "that the difference between the United States of America and Soviet Russia could paradoxically be described in the following sentence: 'Whereas the United States are the land of unlimited possibilities, Soviet Russia is the country of unlimited impossibilities'?"

"How do you know it?" I asked.

"It has been reported to me," replied S.

"All right," I said. "It may be correct."

"Well then," said S., "don't you admit the possibility of certain 'unpleasant surprises' happening to you in the event of your returning to Moscow? Don't you think it possible that one of these 'unlimited impossibilities' might overtake you?"

"How do you mean?" I asked. "Should anything disadvantageous really happen to me, should there be any attempt to lay some guilt at my door, it would in the first place be the duty of the Chief of the Currency Administration to interfere on my behalf."

"Don't be so naive," said S. "You know perfectly well that the Chief of the Currency Administration does not belong to the Party, that, like yourself, he is an Expert, which means to say that he is a mere cipher when it is a question of extricating someone from a dangerous situation."

"I don't understand you," I said. "What is it I should have to be afraid of?"

"Well, you are, for instance, accused of being the principal party responsible for the cancellation of the Berlin contract for the sale by auction."

"But you yourself know best," I retorted, "that not the slightest blame in this matter could be laid on me, that I have done nothing except obey your

orders, based on a written request from the Ambassador. You know quite well that I had tried to convince both yourself and the Ambassador of the injustice of our proceeding and that in reality I had myself taken up the standpoint of the Currency Administration. By cancelling the contract verbally I have only fulfilled my official duty."

"To be sure," said S., "all you say is quite correct, but, you see, Moscow happens to be of a different opinion."

"Then it depends on you," I retorted, "to write to Moscow, to explain clearly and to prove my absolute innocence."

"Well," said S., "for the present the question does not arise. Besides, you have, for instance, energetically defended the advisability of concluding monopoly contracts for the sale of platinum with leading groups, although the Currency Administration, properly speaking, did not always see eye to eye with you."

"Well," I retorted, "I am not a junior clerk; it was my duty and my business to acquaint both the Currency Administration and the Commissary for Finance with the real state of affairs in the platinum question and to report my own view."

"To be sure, that is all very nice," said S., "and I am quite of opinion that you could calmly return to Moscow, nay, I am convinced that not the slightest unpleasantness will happen to you, but, nevertheless, you had better think the matter over. For family considerations, too, it is a weighty question for you, that of taking up your residence in Moscow, and I should like to have your answer to-morrow."

This conversation had left a profound impression on me. I could not get over the vague allusions to "unlimited impossibilities." Of course, I was desirous to continue the work I had been doing hitherto,

but, on the other hand, I had not the slightest wish to lay myself open at Moscow to "unpleasant surprises" and their incalculable consequences.

I turned, therefore, to the Ambassador, and on April 17, 1925, I discussed the matter with him. The Ambassador, too, who, by the way, had already been made acquainted with all the details of the matter, told me that he must leave the decision to my own absolute discretion. He could not say anything either for or against it. I ought to know best whether my interest in the work was such as to induce me to settle in Moscow.

I had meanwhile wired to Sokolnikoff, the Commissary for Finance, telling him that for family reasons I saw myself obliged to decline the proposition made by the Currency Administration but that I was ready to continue my work in Berlin in any other capacity.

As could not otherwise have been expected, on April 21 a telegraphic reply arrived, stating that the Commissary for Finance, Sokolnikoff, relieved me of my official obligations as from May 1, 1925.

I continued to work in the General Agency until the end of April, put all my papers in order and handed them over to the General Agency in return for a receipt in due form.

Thus my work had come to an end, unavoidable under Soviet conditions.

CHAPTER XVII

The Expert in the service of the Soviet. The "Spetz." The "Neutrals" or "Non-Party" men. Characterization. Enquiry. System of surveillance. "Rope-dancers." The Expert abroad. System of hostages. Recall. Members of the Party abroad. Soviet diplomatists. Drawing-room Communists. Offences while in office. "Noxious persons." Soviet justice. Wastefulness and extravagance. Economic espionage. Extra-judicial prosecution for delinquencies. The Wolin case.

The "Spetz"

IN addition to a great number of executive clerks and the leading administrative officials, many expert officials, so-called specialists—called "Spetz" for short—were employed in the State service of Soviet Russia. By the term "Spetz" one designates in Soviet Russia the expert officials possessing special knowledge and experience in certain domains and employed continuously in the service of the State or in the service of State trusts and organizations.[27]

Soviet Russia required for her State service many more such Experts than does any other State, because industry, commerce, and banking are nationalized in Soviet Russia. The Experts were recruited partly from among the intellectual strata, the liberal professions (from among engineers, chemists, economists, lawyers, doctors, journalists, bank officials and so on), and partly from among the former State officials and officers.

The "Neutrals" or "Non-Party" men

From a political point of view, by far the preponderating mass of Experts were counted among the so-called "Neutrals" or "Non-Party" men, that is to say, they belonged to no political party at all. Thus out of the five highest officials active in the

Currency Administration in the autumn of 1923, four, namely, the Chief, one Deputy-Chief and the two assistants of the Chief, were "Neutrals," while the second Deputy-Chief, K., was the only member of the Communist Party. In his quality of member of the Party he had consequently been instructed by the higher authorities to compile a "characterization," that is to say, to furnish an opinion concerning each of us. Much depended upon such a characterization, inasmuch as an unfavourable remark on the political attitude of the "characterized" person, especially with regard to the latter's loyalty to the Soviet Government, could result for the person concerned in rather unpleasant consequences.

The word "loyalty" was moreover a term which could scarcely be defined. Loyalty could be understood in an active sense, as unconditional fidelity and devotion to the prevailing régime, but it could also be taken in a passive sense, as a definite relinquishment of every open or secret opposition to the Soviet Government, as an honest reconciliation with the existing régime.

Whatever the case, however, one thing was certain: The political convictions of the so-called "Neutral" did not agree with the political aims and tactical methods of the Communist Party, otherwise he would have joined the Party. It was equally clear that among the "Neutrals" there were not only men who had definite political views and opinions, but also persons whose attitude towards any political creed was one of indifference and who took no interest whatever in politics.

Among the "Neutrals" with a definite political creed there were all sorts of people, from the former members of the reactionary Russian National Party, the so-called "Black-Hundreds," to those who belonged to the left wing of Social Democracy. All

these people were now thrown together in one formless mass of "Neutrals," since no other political Party, except the Communist Party, existed or had a right to existence in Soviet Russia. It naturally followed that the "Neutral" officials in some department would discuss among themselves all sorts of subjects, questions of salary, shortage of apartments, dearth of food-stuffs, women, dress, theatre and art, official and private questions, but never politics. The "Neutrals" carefully avoided every political discussion, both with other "Neutrals" as well as with members of the Communist Party.

On entering the State service the applicant had to submit to an enquiry and answer thirty-nine questions. The exact indication of the names and places of residence of parents, children, brothers and sisters was of course essential.

Question number 24 was to the following effect: "To what political Party do you belong? When did you join the Party and what is the number of your Party ticket?"

Question number 25 read as follows: "Did you formerly belong to any political Party, and if so, to what Party, when and where?"

Question number 26 was: "If you are a 'Non-Party' man, which is the Party you are sympathizing with?"

Question number 24 the "Neutral" could easily answer, by simply saying "None."

Question number 25 was a little more difficult. If the "Neutrals" had formerly belonged to any political Party of Left tendencies (Trudoviki, Popular Socialists, Social Revolutionaries, Social Democrats (Mensheviki, Labourers' Union), they could unhesitatingly say so. If, on the other hand, they had formerly been members of one of the Parties of the Right (Union of the Russian People, Octobrists)

or of any Liberal Party (Constitutional Democratic Party, the so-called Cadets), they preferred, whenever possible, to pass it over in silence. No wonder, therefore, that the dominant Party assumed an attitude of distrust towards the "Neutrals," as one could never know what the latter were hiding under this equalizing mask.

Question number 26 was a violation of conscience to which the majority submitted under the pressure of material distress. The answer to the question: "Which is the Party you are sympathizing with?" was naturally as follows: "I sympathize with the R.C.P.," that is to say, with the Russian Communist Party.

The dominant Party, of course, did as little believe in the sincerity of this expression of sympathy as it did in the neutrality or, better, the political indifference or absence of any definite political attitude of the "Neutrals."

There is no doubt that it is exceedingly important for every Government to possess a staff of officials which is sincerely devoted to the existing form of State, to the dominant régime, and which can be trusted implicitly. As long as the Soviet Government, whether in military or technical, economic and financial questions, is compelled to rely on Experts who, with very few exceptions, are "Neutral," that is to say, who in any case do not belong to the Communist Party, as long as the Communist Party fails to produce its own Experts, an ideal which it will take many years to reach, one need not be surprised at the fact that the Soviet Government is watching its "Neutral" Experts at home and abroad, anxious to gauge their real political opinions or at least their loyalty to the Soviet Government.

It is a well-established fact that there is a great

number of Experts in Soviet Russia who are politically inclined to the Right or to the Liberal Bourgeoisie, that is to say, who are pronounced anti-Communists, but who are nevertheless working assiduously and honestly to the best of their knowledge and their conscience. They are just serving their country, their native land, and are working to the best of their respective abilities. They are serving a régime as long as it exists, although this régime is either indifferent or hateful to them. They will be the first to leave the ship of State, once it is on the rocks; they will be the first to lend a hand to overthrow the régime, once it begins to totter.

On the other hand there are very many Experts in Soviet Russia with tendencies to the Left, typical intellectuals who are not thinking "communistically," but who, nevertheless, do their duty faithfully and conscientiously, because of the two alternatives —Tsardom or Soviet régime—they consciously prefer the latter. Such Experts—to whom the despotism prevailing in Soviet Russia, the violation of conscience, the oppression and persecution of all those who think differently, the abolition of all civil and political freedom, are abominable—nevertheless stand near to the ruling Party, representing the working classes, as far as their own political views are concerned.

They enter the service of the Soviet Government quite consciously, are working with conviction for the reconstruction of the country and are decidedly opposed to any sort of sabotage.

In spite of all this the Soviet Government is looking with critical eyes even at these Experts, showing, in their case, too, the usual suspicion.

System of surveillance

In spite of all the spying, the politically like-minded "Neutrals," after having worked together for some time, draw together. One gradually begins to feel that one is in the presence of sympathetic people. And thus Conservatives congregate with Conservatives, Liberal Bourgeois with Liberal Bourgeois, and Socialists of all shades of opinion with Socialists.

Only among kindred spirits, who know and trust each other, is the Expert able even to speak of political questions. When two Experts are conversing among themselves privately on non-official questions and a member of the Communist Party happens to join them, conversation immediately flags and is turned into safer channels.

The agents of the G.P.U.—of the political and economic service of surveillance—masquerading under the most various disguises (colleagues by profession, assistants, secretaries, lady typists, lady friends, chauffeurs and so on), endeavour in all sorts of ways to discover the real political opinions of the "Neutral" Experts. The agent in question pretends to be himself a "Neutral," makes friendly advances and indulges in a criticism, growing sharper and sharper, of the political despotism of the Soviet régime, of the absence of all political freedom, of the mean system of spying and surveillance, of the economic mistakes of Soviet National Economy and so on. However suspicious the Expert may be, however circumspect in his replies, however harmless his remarks made by the way—the clever agent finds in the remarks made and in the answers given some proof which enables him to form an opinion. If, on the other hand, as it sometimes happens, the party addressed observes an absolute silence, expresses indifference or no interest whatever in

political questions, or sings a pæan of praise, commending the Soviet régime and the splendid economic results hitherto obtained, the agent knows that either his identity has been discovered or that anyhow he is being thoroughly distrusted.

In this respect the political agents are assisted by ordinary members of the Party, not directly engaged in the service of the G.P.U. Even when an agent is aware that he is known to the Expert as a member of the Communist Party, he nevertheless endeavours to draw him into a politico-economic conversation, with a view to deducing from his replies certain indications of his political opinions and tendencies.

Sometimes it is rather difficult for the Expert to avoid such a conversation, the more so when he finds himself in the presence of his chief. Even if the Expert carefully avoids such conversations, stands aside entirely from political life, is extremely reserved from the political point of view, his attitude does not help him to be considered as politically loyal. Extreme political reserve and absolute silence on political questions are not at all regarded as recommendations in favour of the party concerned. The Expert is only thought to be really loyal when he has expressed, either in conversation or otherwise, his clear and unequivocal consent to the political and economic measures of the Soviet Government.

In these and other ways the Political Police ultimately manage to find out what opinions the Expert in question has formed. Friends are found, the indications given by the Expert with regard to his past are minutely examined and verified, a dossier on the activities of the Experts is kept, especially in the case of important Experts, and either the chiefs or the colleagues of the Experts

are instructed to furnish so-called "characterizations."

This system of watching over the Experts in Soviet Russia—the justification and necessity of such a proceeding shall not be discussed here—anyhow results in the Expert's interest in his work and his energy being paralysed and his independence crushed.

The Expert never has the feeling of occupying his post for life. He is, so to say, working in a vacuum. He knows, however honest he may be, that sooner or later he is sure to be supplanted by a member of the Party who has either actually acquired the necessary special knowledge or thinks he has acquired it. He knows that once he has lost his post he will find no employment in Soviet Russia. No right to pension awaits him in his old age, and his prospects in this respect—if he ever thinks so far ahead—are very gloomy. The mask he is constantly compelled to wear, the pretence of sympathizing with political and economic measures that are entirely opposed to the trend of his ideas and interests, the gloomy silence into which he must relapse if he is disinclined to simulate sympathy, all these inner struggles result, especially in the case of weaker natures, in an unfeigned, absolute indifference with regard to his work and surroundings, in a complete resignation, in a lax, indolent, purely bureaucratic exercise of his daily duties, devoid of all interest.

The whole situation can very characteristically be summed up in the words which I heard from an Expert who, while occupying a very important post in the economic life of Soviet Russia, was careful to avoid taking any part in political life : "Our situation," he said, "is very clear. It can best be compared with that of a rope-dancer on his rope.

We are all walking over a thin rope, and we know quite well that one day we shall doubtless tumble off. There is only one thing we do not know, and that is: When and on which side of the rope are we going to break our necks?"

The Expert abroad

Under such circumstances it is little to be wondered at if the majority of Experts are animated by the ardent desire to obtain a permanent post in some foreign Trade Delegation or at least to be sent abroad on an official appointment. This holds good not only for so-called "Europeans," that is to say for persons who know European languages and have also previously studied or lived in Western Europe, but also with regard to people who are accustomed to Russian modes and manners and who have a mere smattering of some European tongue.

The majority like to go to Berlin, better still to Paris; London they like less, while the other European countries hardly count, on account of the comparatively small number of officials in the Trade Delegations employed there. The Far and Near East, as China, Japan, Afghanistan, Persia and Turkey, are not very attractive for the majority of Experts. One likes to go there for a few months, but not to live there for any length of time.

This desire to go abroad is explicable not only by ideal motives, by a wish to breathe freely, but also by purely material considerations. When occupying a post abroad, Experts receive double or treble the salary they are paid in Moscow or in the provinces. The salaries which State officials receive in Soviet Russia are very low. In 1923 and 1924 the salaries were from 10 to 20 Tchervonetz (about £10 to £20) per month, the lesser officials

receiving an even smaller amount. To this must be added various deductions made for trade unions of officials and so on, and, in the case of members of the Party, deductions made for the benefit of Party funds. Moreover, living abroad, especially as far as lodging and clothing are concerned, is often cheaper, and certainly not dearer, than it is in Moscow. It is therefore quite comprehensible that a post abroad should be looked upon as a special piece of good fortune. A journey abroad, even a short one, on official business is likewise considered to be a pleasant change, as the travelling allowances, in addition to the fixed salary, are substantial.

Now the Soviet system has invented its own peculiar method calculated to safeguard itself against the possibility of Experts sent abroad not returning to Soviet Russia. It is the so-called "hostage system," the retention in Soviet Russia of wife and children in the case of the husbands being sent for any length of time abroad, there to occupy a permanent post. This system, it must be admitted, has been of late quite frequently disregarded. When the G.P.U. has no doubt that an official will return to Russia, especially when he only understands Russian and has no pronounced Western European leanings, permission is granted by the G.P.U. for the family to follow him abroad, should the husband emphatically insist on it. In the majority of cases, however, the hostage system is rigorously observed, regardless of the disturbance created in the domestic life of the family.

On the other hand, the Expert abroad has no opportunity of settling down anywhere. He is always on the *qui vive*, and must be continually expecting to be recalled to Russia. It often happens that an Expert is summoned by wire to Moscow for a few days to be present at a conference or to

present an important report. He is, as a rule, not allowed to return abroad, even if he is an authority on the subject and particularly fit for service abroad, and even if there is no substitute for him.

The point is that the Soviet régime does not allow itself to be guided by purely practical or business motives. What it demands of the Experts is an absolute submission to all orders, however arbitrary, even if such orders be purposeless or untenable from the practical point of view, and even if they be opposed to the more competent knowledge of the Expert.

Considering the treatment meted out to its Experts, the Soviet régime can naturally never hope to draw into its service men of independent opinions, much less to retain them. Any attempt on the part of an independent Expert to combat a measure taken by his department, a measure which is irrational from a business standpoint, which is opposed to his own recommendations or is based on false information, the mere fact of his not having immediately obeyed the given order, are quite sufficient to make the Expert impossible. The best that can happen to him is to be recalled to Moscow where he is disposed of and made innocuous in some office, whereas in the worst case legal proceedings are instituted against him.

The Expert is then faced by the task of defending his case; on his shoulders lies the *onus probandi;* he has to give proofs that the motives which had prompted him to hold such opinions or to take up such an attitude were of a purely practical and not personal nature. If it is a question of a foreign firm (as purchasers, sellers, contractors, commission agents, or in any other form), and even if the Expert is absolutely sure of the reputation and honesty of the firm, he must beware of openly recommending the

firm in question or of giving it the preference over other competitors of a lower standing. Should he act otherwise, he would immediately lay himself open to the gravest suspicions and to the charge that his recommendations were not prompted by practical motives but by personal considerations (such as bribery, commission, family connections, friendship). If he is anxious not to lay himself open to suspicion and to retain his post, the Expert must allow things to go on just as they are; he must continue to approve and to help to carry out projects and to conclude contracts, though in his own personal opinion they are wrong or disadvantageous.

In this respect, too, the Expert has naturally more freedom abroad than in Soviet Russia. The foreign contractors who deal with the Soviet Government look upon the Soviet Expert as a fully qualified person, that is to say, they consider him to be a technical, judicial, financial, economic, commercial or scientific adviser of a Government, and as such he is treated with all possible courtesy. Although the Soviet authorities abroad constantly remind the Expert that he is a mere cog-wheel in the machinery of the State, although the Damocles sword of a recall to Russia is always suspended over his head, he nevertheless enjoys, during his stay abroad, a certain sense of dignity and independence. His hands are not so tied as they are in Soviet Russia, and if he is courageous and finds joy in his work, he occasionally dares energetically to defend an important technical, financial or economic project or agreement, even in opposition to the opinions entertained by the department he is dependent upon.

The atmosphere that surrounds the Expert in Moscow simply does not exist abroad. The system of

surveillance and espionage is necessarily looser and weaker abroad, and the interference in the private affairs of the Expert is accordingly much less serious.

The desire to remain abroad for any length of time is nevertheless not felt by all the Experts, even in cases when their families are with them. There are some Experts who feel the loss of the Russian surroundings and modes of life as acutely as if they were home-sick for their native land. To this must be added the fact that by far the greater number of Experts either do not master or have only a scanty knowledge of the languages of the respective countries to which they have been sent. The Russian's reputation of possessing quite an exceptional talent for languages is a myth. The ability to acquire and master a foreign language is purely individual, and no doubt not more frequent in the case of Russians than of people belonging to other nationalities. In any case, I know a number of otherwise quite well-educated Experts—be it in Germany, France or England—who, in spite of their having resided in the country for several years, have but a bowing acquaintance with the language, and who are anyhow unable independently to carry on negotiations in that tongue. Nor are regular work in a Soviet office and the predominance of the Russian commercial language calculated to facilitate the acquisition of foreign languages. Those Experts to whom this language question is difficult, and who cannot accustom themselves to Western European life, manners and conditions or appreciate the Western point of view, are not displeased to return to Russia. On the other hand, all the other Experts try their best to prolong their stay abroad.

Members of the Party abroad

Even more peculiar is the question of the members of the Party abroad who are not exercising the functions of an Expert but are merely occupying administrative posts in the Foreign Trade Delegations. Whereas in the case of an Expert sent abroad an acquaintance with a Western European language in addition to his special knowledge is necessary or welcome, knowledge of languages is of no consequence whatever for the Party member sent abroad. I know a member of the Party who occupied the post of President of a Soviet bank in a European country of very great financial importance and who, at the moment of his appointment, knew neither the language of the country in question nor anything of banking.

The Soviet officials, too, who belong to the Party are only too pleased to remain abroad when they are sent there. When I say this I am not only thinking of the Soviet diplomatists, but of the less privileged ordinary members of the Party. In the case of the Soviet diplomatists it is certainly not to be wondered at, because they are living in the former palaces of the Tsarist Government and are leading the privileged life of all the other diplomatists in the country. The severe Party programme can, of course, in no way be reconciled with the social life which a Soviet diplomatist is compelled to lead in the capitals of Europe. Reality, however, has long ago passed over these rigid formulæ.

The ordinary members of the Party, too, who are occupying minor posts at the Trade Delegation, and who cannot pretend that they must observe the conventions of conduct and external appearance which are obligatory for the diplomatists,

they also are glad to enjoy, as long as possible, the pleasures and advantages of Western European culture. They will, of course, make fun of the dinners offered to the representatives of the Russian Trade Delegation or other Russian organizations by bankers, manufacturers and merchants, they will laugh unceremoniously at the bourgeois who "are running after us and are feeding us in the hope of getting orders from us," they will attack sharply the philistinism and the stinginess of the Western European, they will frequently talk among themselves in the most contemptuous manner about their hosts, but they are, nevertheless, not at all displeased to accept these invitations.

It is interesting to observe on such occasions how many a Communist who, at gatherings in Moscow and among friends, cannot denounce sharply enough the "bloodsuckers" and "money-bags," to whom a black bowler hat, a starched white collar and ironed trousers are the expression of the most reactionary tendencies, how this very same man tries to play the intelligent, courteous politician, the well-behaved man of society and the cultured European at receptions given in Berlin, London and Paris by influential bankers, politicians and manufacturers. And what is more, he does this successfully, for the European politician or economist, unfamiliar with Soviet Russian psychology, allows himself to be influenced by the Russian's outward appearance, his externals, and, if possible, even flatters himself that he has "tamed the lion" by his personality and thus built a bridge between Capitalism and Communism, between Europe and Soviet Russia.

The wives of Soviet representatives abroad, who are members of the Party, do not always themselves

belong to the Communist Party. On the contrary, the ladies are often the very essence and embodiment of what is known in Moscow by the term "Bourjuyka" (wife of a bourgeois). When such a lady in full dress is telling those around her how irresistibly she is drawn to Moscow, one knows what to think of it. When, however, a lady member of the Communist Party, the wife of a very prominent Soviet representative abroad, who is occupying a beautiful mansion in one of the most fashionable quarters in a European capital tells me, in the presence of her husband, how happy she would be to live in Moscow in two damp rooms instead of in this beautiful house—especially when one knows at the same time, from a number of other facts, that the lady is actually enthusiastic about her sojourn in the country in question—one is really at a loss what to think of such ridiculous hypocrisy. The attitude of the lady could best be summed up in the ironical Russian remark: "They are trying very hard to go to Moscow, but they cannot tear themselves away."

Drawing-room Communists

In addition to the "neutral" Experts, there are also a few Experts who officially belong to the Communist Party. The few Experts belonging to the Party whom I know personally—I am not passing a sweeping general judgment—are pronounced "Drawing-room Communists," such as are often to be found, of various types, in literary European *salons*. In reality they are Democrats of the Left Wing, with all the demeanour of the intellectual engineer, lawyer and economist. These gentlemen are not actually convinced Communists, entirely devoted to the interests of the Proletariat, for whom the Proletariat is not a bloodless fancy, but a

living, throbbing organism. They are rather slack and insipid followers, phrase-mongers, people who are finding advancement in the State service of the Soviet, and who long ago realized that to belong officially to the Communist Party is the only badge of protection, the only weapon of defence. The Communist Party knows quite well what to think of such "Communists," but it is careful now and then to draw attention to the Experts who belong to the Party.

During my stay abroad I once visited such an Expert. We conversed on questions relating to the service, and my host, who was entirely Western European in his demeanour and ideas, indulged in a very sharp and biting criticism of Russian methods of doing work, of the slatternliness, irresponsibility, the lack of interest and the absolute lack of initiative of the average Soviet official. I listened to him attentively and declared that in my opinion it was rather difficult to collaborate to advantage with the official staff in Moscow who are often lacking in the most elementary preparatory training, the more so since the Expert is not allowed to choose his own collaborators, and has to rely on the assistants appointed for him by his superior department. We also discussed economic problems, and my host finally said that he was very happy to hear a "neutral" Expert give voice to such an objective and pertinent criticism. Very greatly surprised at such a remark, I asked him whether he was a member of the Party. "Of course," he replied. "Did you not know it? I joined the Party about two years ago."

This man, to judge by his entire demeanour, his mode of life and his ideas, had never made me suspect that he could be a Communist. Even to-day I am convinced that he has nothing in common

with the Communist idea. And yet, officially, he belonged to the Party and enjoyed its protection.

Offences while in office

Even after a blameless service extending over many years, the "neutral" Expert can never hope to acquire the absolute confidence of his employers. He must always reckon with the fact that in reality he is being distrusted, and that he is suspected of eventually being capable of a dishonest action. It is both a depressing feeling and a great temptation.

By far the greater majority of Experts are honest and are doing their duty. Now and again there are exceptions, now and again some give way to temptation, but such cases happen not less often among the Soviet officials who belong to the Party than they do among the "neutral" Experts.

In the course of a long conversation which we had in the train from Berlin to Hanover, on March 3, 1921, Krassin, the Commissary for Foreign Trade, gave me, in his drastic manner, the following remarkable explanation of such occurrences:

"It is our misfortune that in our departments we have to work with people who have never had more than one Poltinnik[28] in their pockets. Once such a fellow sees one hundred roubles in front of him, he cannot help putting them into his pocket."

There are certainly cases—although very isolated ones—when the anti-Communistic Expert in question or the Soviet official are not only utilizing their respective official positions for personal purposes, but are quite consciously working against their official policy, and are recklessly defending or taking measures that are directly pernicious to the national or economic interests entrusted to them. The existence of such "noxious persons" the Schachty trial was intended to demonstrate in a number of cases.

A technical Expert, politically belonging to the right wing of the Conservatives, whom I had known for years in the course of my previous activities and who had just returned from Russia, expressed himself to me towards the end of September 1925, when I had resigned from the service of the Soviet, as follows :

"You see, you could not stand it. You have left. In spite of all the interest you found in your work, you could not make up your mind to return to Moscow. And yet you probably still harbour certain illusions with regard to these people. You are no doubt still looking for a certain ideal beneath the word 'Communism.' I personally have no such illusions as you perhaps still cherish. For me these fellows—in spite of their high-sounding, fine phrases—are nothing else but bandits, with regard to whom I have not the slightest moral or other compunction. The fellows have robbed me, have taken away my fortune, have thrown us, my wife and myself, in prison, have kept me for months in agony and mortal fear, and finally, on a bitter winter night, threw me out into the street, a beggar.

"And why? I ask you. Perhaps because I had committed a crime? No, I tell you; merely because I happened to be a well-to-do bourgeois and made an attempt to save something from the terrible ruin and to put it aside. Yes, I am a bourgeois, and if you will allow me to make use of such a paradoxical expression, a 'class-conscious bourgeois.' By dint of industry, diligence, thoroughness, initiative and daring, I had acquired a certain competence. All my life long I have worked and toiled. As a bourgeois, as an engineer, as a technical head, I have the same right to existence as has the working man.

"The fellows in the end needed my special knowledge, and that is the reason why I am now occupy-

ing a higher post. After eight years I have only just managed to escape and to go abroad, and, as long as I remain in their employ, I will do my level best to get out of my position whatever I can. In my former private business connections I was always conscientious and honest, and I would continue so even to-day, should I find a position in industry here abroad. To those fellows I owe nothing, and with regard to them you simply cannot be dishonest."

The man who, by the way, was soon compelled to give up his post, was speaking with such undisguised cynicism, because he was firmly decided never to return to Soviet Russia.

Soviet justice

It is well understood that the Soviet Government, just like any other Government, should defend itself against such officials who are always ready to betray or to sell the interests entrusted to them, be it out of selfish, revengeful or political motives.

Should bribery or another official offence have been proved, should the party concerned have been caught in the very act, the culprit, when the case happens abroad, is summarily dismissed, without any notice and without more ado. On arriving at his office, he finds his writing-desk locked, and access to his papers and letters forbidden. The Trade Delegate, as a rule, grants him a delay of twenty-four hours within which to return to Moscow, which, in the majority of cases, the party concerned immediately refuses to do. Should it be a case of embezzlement or any other crime punishable by common law, the accused prefers, at all events, to be tried by a foreign Court of Justice.

If the case occurs in Soviet Russia, final sentence on the accused is passed by the Court. It should, however, be remembered that in many cases, even when there is no real crime but a mere denunciation, the Experts or Soviet officials still refuse to go to Moscow with a view to justifying themselves. This is quite comprehensible.

The Schachty trial of the accused Donetz engineers which took place in Moscow in 1928 has once more clearly proved that Soviet justice is trying to punish not only the crimes and offences actually committed, but also potential "social noxiousness," and noxious disposition. Soviet justice, unlike any other justice, does not consider it as its task to fathom the objective truth and to shed a light on the crime committed in all its particulars, to convict the actual criminal and to make him expiate his crime. Soviet justice does more. It formally considers itself to be one of the most powerful weapons in the class war, and feels it to be its mission to isolate and to make harmless people whose "noxious dispositions" it has proved or imagines to have proved.

It is therefore well understood that the accused "neutral" Expert or official meets from the very outset the strongest mistrust on the part of his accusers and judges. This mistrust goes so far that the Public Prosecutor—as it happened, for instance, in the case of engineer Kousma in the Schachty trial—demands capital punishment for a delinquency for which even the highest Soviet Tribunal pronounced a sentence of only three years' imprisonment.

The chances that accused "neutral" Experts may either prove their innocence before a Soviet Tribunal or even get a punishment commensurate with the offence committed are so infinitesimal that one can well understand why such men prefer to face ruin abroad rather than risk an absolutely

incalculable sentence passed by a Soviet Tribunal, which may begin with a few years of prison and end with capital punishment.

Wastefulness and extravagance. Economic espionage

Soviet justice knows such delinquencies as "wastefulness" and "economic espionage" which cannot be clearly defined legally. What the ignorant feel to be wasteful may nevertheless be in the interests of the trust, the concern or the State department in question. What appears to-day to be wasteful, may to-morrow, when the measure suggested by the Expert meets with success, be found to be absolutely economical. On the other hand, what appears to-day to be economical and intelligent, may prove to be absolutely uneconomical and prejudicial under altered conditions.

Under normal conditions, when the chief or employer (private concern, joint-stock company, co-operative society, or the Exchequer) has implicit faith in the Expert engaged and meets him with good faith, economic measures suggested in good faith by the Expert, even if ultimately, under altered conditions, they result in a considerable loss, even errors or failures, will be judged intelligently. As long as there is no palpable, direct blunder, as long as the conduct of the Expert has not been dictated by personal motives as opposed to the interests of his principal, it is easily understood that the man who never makes mistakes in economic and commercial transactions never does anything. What is required of the Expert and the employé is the ordinary circumspection of the business man, that is to say, a policy which, to the best of one's knowledge and belief, one can defend under given conditions and at a given time. The only cases that

necessitate a recourse to the Courts are those in which an offence can be proved.

Under Soviet conditions it is quite different. Here the chief (the Exchequer, or the State or semi-State trusts and organizations) meets the Expert from the very outset with doubts or very often with a scarcely disguised mistrust, with a lack of good faith, and the result is that even such actions on the part of the Expert as do not offer sufficient cause for legal proceedings in any other Constitutional State serve as a ground for accusations. That the "neutral" Expert, once he has been accused, cannot expect anything good from a Soviet Tribunal, that is to say, no impartial or business-like decision, no sentence proportioned to his guilt, the Schachty trial has abundantly proved.

Much worse is the position of the Expert if he is being accused of economic espionage. It is remarkable how much is understood under and included in this economic espionage, when it is a question of rendering harmless or finally putting out of the way some politically suspected or otherwise unpopular Expert. Almost every single step, almost every measure of the Expert may, if necessary, be adduced against him as proof from the point of view of economic espionage, and it is extremely difficult, often almost hopeless, for the Expert to prove his innocence.

Extra-judicial prosecution for delinquencies. The Wolin case

In addition to legal penalties for crimes and offences, the Soviet régime may also order an extra-judicial prosecution of delinquencies which takes place in private. I will quote here the Wolin case which happened in 1926.

When I came to the Currency Administration in 1923, Leo Wolin was occupying there a rather

vaguely defined post. He was a consulting Expert, and was invited to all sorts of conferences.

He was undoubtedly a highly intelligent man, well trained and with great initiative, but full of arrogant, over-exaggerated self-conceit.

Towards the end of 1923 the Commissary for Finance, Sokolnikoff, who valued his vast capacity for work and his originality, appointed him head of a "Special Section" at the Currency Administration. The task of the Special Section was to control the "Black Exchange" in Moscow, to fight against the currency speculators, to control the private traffic in gold, silver, gold and silver coins, foreign currency, new Government loans and other securities. By the Black Exchange one understood the half-illegal but nevertheless tolerated gatherings of small stock-jobbers, so-called "Stock Exchange hares," of currency and other gamblers, who were not admitted to membership on the official Stock Exchange. These gatherings took place daily in an open place in front of the building of the official Exchange. There were naturally many agents from the economic service of surveillance of the G.P.U. on the Black Exchange.

Wolin, as Chief of this "Special Section," was sent abroad in 1924, partly for the purpose of disposing, at the best possible prices, of those shares and bonds of Russian banks and industrial and other concerns confiscated by Soviet Russia which were still marketable on the foreign Exchanges, especially on the Paris Bourse, partly with a view to acquainting himself with the Black Exchanges existing abroad and to studying the conditions that prevailed on foreign official Exchanges. Wolin spent some time in Berlin and also went to Amsterdam, but could not get a *visa* for England.

When I was passing through Amsterdam, we had,

on September 24, 1924, at the Doelen Hotel a very characteristic conversation.

Wolin had always given himself out to me as a "neutral" and I really believed him to be such. He now told me in detail about his activities, his hopes and prospects. I listened to him attentively and finally said that, as far as I personally was concerned, such an activity would not be congenial to me, although I did not at all contest the necessity of a rigorous control of the Black Exchange. It would be unpleasant to me to have to meet daily with currency speculators, receivers of stolen goods and other men who led an obscure and shady existence. Besides, there was always the lurking danger of being involved in some dirty business.

To this Wolin ironically replied:

"You see, you misunderstand the situation entirely. I must tell you quite frankly that *your* head is not worth a brass farthing. However conscientiously you may fulfil your functions, no one in the Party believes that you are carrying out your task disinterestedly, in the interests of the thing and of Soviet Russia. For Moscow and the Party you are nothing else but an Expert who has been called from abroad on account of his special knowledge and whom one naturally meets with the necessary distrust. The conditions in Soviet Russia itself are strange to you and by no means sympathetic, and you have not a single personal friend in Moscow or the slightest support, should anything happen to you."

"How do you mean?" I asked.

"You are playing a dangerous game. You are working in platinum and you are concluding contracts for millions. Should the slightest thing be found against you, should the slightest guilt be attributed to you, and should you fall into the hands

of the G.P.U. on account of it, you are done for, you can make your last will."

"I do not see the slightest reason for this at the moment."

"Don't play the fool. You have seen yourself how easy it was for you to leave Russia the last time. Do you really imagine that if you have managed to get out of Russia twice you will also succeed a third time? There are lion-tamers who have put their heads a hundred times into the lion's jaws and just at the hundred and first time the lion bites off their head."

"Have you any particular reason for indulging in such prophecies?"

"No, I only wanted to show you that your situation is much worse than mine and that your official functions are much more dangerous. I have the most influential friends in Moscow among members of the Party. I know every spy who is running about on my Exchange, and I am personally on the best of terms with all of them. Should the slightest suspicion fall on me, I shall be warned in good time. And even if I were actually to fall into the hands of the G.P.U., my friends will no doubt defend me, for I am doing no wrong, I am not extracting anybody's money from his pocket. For you, on the contrary, no one will as much as lift a finger. We are talking here at Amsterdam, among ourselves, and nobody can overhear us. There is no need for us here to humbug one another. In short, I advise you to remain where you are."

"I am much beholden to you for your candour, and I will think over what you say. You are absolutely right when you say that, unlike yourself, I have not one influential friend in Moscow. And yet, I sincerely advise you to leave the Black Exchange. Try and find some other field of work, either in the

Currency Administration or in the Commissariat of Finance where the constant danger of being involved in some shady affair does not exist."

We separated thereupon, Wolin utterly optimistic, I thoughtful and depressed.

In 1925 Wolin stayed for a long time in Berlin and in Paris. He had far-reaching powers of attorney from the Commissariat of Finance, and he was still working in the Special Section. He was spending a good deal of money and was living in good style. In March 1926, when he was just on the point of going abroad again, he was arrested in Moscow.

Wolin was accused of "having utilized his official position to disorganize the currency and Stock market and, together with several other officials in the Commissariat of Finance and private stock-brokers, of having been criminally speculating on the Exchange in gold, foreign currency and State securities." The accused were said to have tried "to bring about an artificial demand for gold and foreign currency and thus intentionally lowered the rate of exchange of national securities."

On May 4, 1926, Leo Wolin, together with two other officials of the Commissariat of Finance (A. Tshepelevsky and L. Rabinovitch), was brought before the Collegium of the G.P.U. (the "United Political Administration of the State") and all the three of them were sentenced to death. On May 5 the sentence against the culprits was carried out, and on May 6 a notice to this effect appeared in the Moscow Press. The other accused were sentenced to detention in a camp of concentration for various terms. All their property was confiscated.

The actual extent of Wolin's offence escapes all criticism, as the case was tried in secret, the public being excluded, and the sentence was passed in an extra-judicial way. However great Wolin's guilt may

have been, one thing is certain, and that is that under no circumstances could such a delinquency have been expiated by capital punishment in any Constitutional State.

I believe, at all events, that Wolin would still have been among the living had he followed my advice, given up the Black Exchange, and there and then found another field of activity.

The proceedings taken against Wolin and his accomplices had, however, also a political background. It was a blow aimed in certain quarters at the Commissary for Finance, Sokolnikoff, who had been compelled to resign his post and who was now to be heavily hit by the sentence and the open condemnation of the abuses existing in the Commissariat that were thus revealed.

Wolin had to pay with his life for this political move. His firm trust in his friends was not justified.

CONCLUSION

IN its own interests the Soviet Government must consider the question how to secure an army of experienced, specialized, honest and loyal Experts in all branches of public life.

Considering the deficiency in intellectual, technical, economic and scientific forces required for so vast a country as Soviet Russia, with a population so varied, both ethnically and linguistically, a deficiency which existed before the Revolution and has now become even more accentuated, the State is simply compelled to treat the existing forces with particular discretion and to reconcile them with the prevailing régime.

By a proceeding like the Schachty trial and similar spectacular trials that preceded and have followed it, the difficult problem of the Expert in Soviet Russia will certainly not be solved.

In addition to their effect as political propaganda, these cases are chiefly intended to frighten the elements hostile to the Soviet. As N. W. Krylenko, the Public Prosecutor in the Schachty trial, said in the peroration of his speech for the accusation, "the aim of the case was: to prove to all noxious persons who are still existing, and with regard to whom preliminary investigations are still being carried on; to prove to all noxious persons who have not yet been discovered, to all their foreign accomplices and friends, to all their foreign inspirers, in whatever country they may dwell and whatever functions they may be exercising there, to prove to them that the power of the Soviet still disposes of sufficient strength, vigour and authority, and that it has not yet forgotten how to crush its enemies."

The system of the iron fist dashing everything to the ground may be all right when it is a question of physically crushing political enemies, but it is scarcely the right means of effecting the urgently needed reconstruction of the country. Nor is the iron fist calculated to spur on and inspire to energetic and creative work all the Experts, without whose collaboration the reconstruction of the country cannot be carried out.

This can only happen when the dreadful political oppression now weighing so heavily on Soviet Russia shall at last have ceased, when the Soviet Government shall finally have made up its mind to grant the most elementary political rights and liberties to this vast land comprising one-sixth of the terrestrial globe.

Then, and then only, will it be possible to overcome the big economic and financial problems by which the country is faced. Then, and then only, the question, so acute to-day, of the Expert in the service of the Soviet will easily find its solution.

APPENDIX

Experts shot by order of the O.G.P.U., 1929

A FEW days before the publication in Berlin of the present work in the original—on May 23, 1929—the following official notice from the O.G.P.U. (the United Political Administration of the State)[29] appeared in the Moscow Press:

"The United Political Administration of the State has discovered counter-revolutionary organizations both in the railway transport and in the gold and platinum industry of the U.R.S.S., the aims of which were the overthrow of the Soviet power, assistance to be given to foreign intervention and the re-establishment of the Capitalist Régime.

They endeavoured to reach their goal by noxiousness and disorganization introduced into these branches of the national economic life.

The ideological inspirers and practical leaders were the following men:

In the counter-revolutionary organization of the Transport:

N. K. von Meck, a former hereditary nobleman, former president of the board of the private Moscow-Kazan Railway, and one of its biggest shareholders. In recent times he was the head of the economical section of the Central Planning Administration of the N.K.P.S. (the People's Commissariat of Ways and Communication).

A. F. Velitchko, a former hereditary nobleman, former head of transport at the Tsar's head-quarters. In recent times he was a member of the General Association of Engineers and the president of its Transport Section, a member of the Central Committee of the N.K.P.S. for transports.

In the counter-revolutionary organization of the gold and platinum industry:

P. A. Paltchinsky, former Assistant-Minister of Commerce and Industry in the Kerensky Cabinet, former commandant of the defence of the Winter Palace in the October days of 1917. In recent years he was Professor at the Leningrad Mining Institute.

At its meeting of May 22, 1929, the *collegium* of the United Political Administration of the State examined the case of the above-mentioned organizations and passed the following sentence:

N. K. von Meck, A. F. Velitchko and P. A. Paltchinsky are to be shot as counter-revolutionary noxious persons and irreconcilable enemies of the Soviet Power.

The sentence was carried out.

The remaining persons who had taken part in the above-mentioned counter-revolutionary organizations were sentenced to various terms of detention in camps of concentration.

The Deputy-President of the O.G.P.U. G. Yagoda.

Moscow, May 23, 1929."

As will be gathered from the above notice composed in the terse official style, three prominent Experts who had occupied high positions in the economic life of Russia, both before and after the Revolution, were condemned to death and immediately executed without any previous legal proceedings, merely on the ground of a simple decision of the O.G.P.U. The culprits were not even offered the opportunity of defending themselves against the accusations made against them before a Soviet Russian Court of Justice, a forum from which Experts not belonging to the Communist Party can certainly not expect any leniency.

As in the darkest Middle Ages, or in the times of the

Inquisition, three men occupying a high social position have thus been sent to death and shot down in the subterranean vaults of the Lubjanka,[30] secretly, by the all-powerful Secret Police, that State within the State.

And this event takes place at the very moment when the Soviet Russian Commissariat of Foreign Affairs is making desperate efforts to renew diplomatic relations with Great Britain and to obtain Soviet Russia's recognition by the United States of America, at a moment when British manufacturers and merchants are being invited to come to Moscow for the purpose of studying conditions prevailing in the country, and when the utmost endeavours are being made to obtain a loan in England, in a word, at a moment when Soviet Russia has every reason to appear abroad in the light of a really modern Constitutional State.

No wonder that Soviet Russia is considered to be the "country of unlimited impossibilities," of insoluble contradictions.

What even such circles which have hitherto been favourably disposed towards Soviet Russia are thinking of such tactics will be gathered from the following passage in an article which appeared in the *Vossische Zeitung* (Berlin, May 25, 1929), the organ of German progressive democracy.

"The three new sentences of death and banishment pronounced against the so-called 'Spetzs'[31] by the G.P.U. are a new proof of the impossibility of working as an Expert in the Soviet State. All those who are in some degree acquainted with the conditions prevailing in Russia will admit how utterly impossible it is for people who are watched over and surrounded by distrust more than any other person in the world to take part in any conspiracy whatsoever. The Specialists in the service of the Soviet know

that every step they make is being spied upon; every word they utter is noted down and every action or omission interpreted in an unfavourable light. The alleged conspiracy in which the three men just executed are supposed to have been involved is a mere creation of the imagination. It is quite evident that the execution was nothing else than a preventive act of terrorism, a political manœuvre, a mere legal murder, in so far as the epithet 'legal' can at all be applied to a proceeding which has nothing whatever to do with ordinary standards of justice."

It is a downright staggering and overwhelming fact that by the last three death sentences, which shed such a glaring light upon the tragedy of the Expert in the service of the Soviet, Russian reality has so clearly corroborated the statements made and conclusions arrived at in the present book.

Anyhow, all non-party Experts who are still employed in the service of the Soviet will feel these executions as a blow in the face and as a grave threat to their own safety. For under the conditions prevailing in Soviet Russia, especially when it is a question of an extra-judicial proceeding, every non-party Expert is exposed to the danger of being stamped as a "counter-revolutionary, noxious person and an irreconcilable enemy of the Soviet Power," and as such of being condemned to death. Considering the absolute impossibility of setting up clear legal standards and defining the conception of the crime of both "noxiousness" and "irreconcilable enmity," it is left in any case to the "revolutionary conscience" of the judge or of the G.P.U. to deal with the accused as they please. Entirely defenceless and deprived of the possibility of vindicating themselves, the accused can either be sentenced to death immediately or sent to prison or into exile to lead a life of torture and misery.

It is quite evident that such prospects must frighten and depress the non-party Experts in the service of the Soviet, and the unhappy consequences arising from such a state of affairs for the development of the economic life in the country can easily be foreseen.

I now consider it my duty to say a few words with regard to one of the three men who have so tragically lost their lives, namely mining-engineer Peter A. Paltchinsky whom I knew well, and whose death has therefore impressed me particularly deeply.

From January 1916 until the outbreak of the Russian Revolution (March 1917) I worked with Paltchinsky daily and hourly at the head-quarters of one of the biggest Russian mining concerns in Petersburg : Paltchinsky as member of the board, and I in the quality of commercial director.

Paltchinsky was a temperamental, highly gifted, ambitious personality, and a devoted social worker of the finest qualities.

At the beginning of the March Revolution in 1917 he was appointed Assistant-Minister of Commerce and Industry, and with the energy peculiar to him, devoted himself to his new activity. On November 7, 1917, when the Winter Palace, where the members of the Cabinet had sought refuge, was stormed, he was arrested and kept in prison for a long time.

Politically sympathizing with the right wing of the Russian Socialist Revolutionary Party—a Radical Democrat of the Left according to Western European conceptions—he was one of the few who after the Bolshevik Revolution were opposed, on principle and in the interests of the country, to any sabotage. After his liberation from prison he placed his services as an Expert at the disposal of the State.

Although towards the end of 1922 Paltchinsky—who knew several European languages—had an opportunity of going abroad, he conscientiously remained in Russia, anxious to devote his activities to the service of his native land.

I am convinced that it is absolutely impossible that Paltchinsky should have taken part in an active conspiracy against the Soviet Régime. I am equally convinced that Paltchinsky could neither have taken himself nor given his support to steps calculated to "harm" or "disorganize" Russian economic life.

I met Paltchinsky for the last time in Moscow, in May 1923, when I was Deputy-Chief of the Currency Administration. We had a conference on the organization of the sale of platinum at which, besides the representatives of the Commissariat of Finance, were also present a number of delegates from other departments interested in the matter (Commissariat of Foreign Trade, Mining Department a.s.o.). Paltchinsky, too, took part in the conference, namely as representative of the "Gosplan" (State organ for Plans and Projects).

I had not seen him for six years, and only with difficulty recognized him, so changed was he in appearance. He had grown very much older, his face was wrinkled, and the hair on his temples was grey. At the first moment I felt an impulse to greet him cordially, but I remembered in time where we were, and I merely shook hands with him in silence. The meeting over, we met at the exit and went into a small tea-room where, apparently unobserved, we remained for a long time.

We talked about the years elapsed since 1917, about the present political and economic situation and the future prospects of Soviet Russia.

Neither prison nor persecutions had broken the

spirit of that strong man. He spoke hopefully of the necessity and the duty incumbent upon every intellectual Russian—now that the Soviet Régime had apparently turned from destruction to reconstruction—to serve his country, however much he might hate or despise this régime of violence.

He welcomed the decision which had prompted me to come voluntarily to Russia from abroad and to accept a leading post in the Commissariat of Finance. He also expressed the hope that soon other prominent economists would follow my example. My work would, of course, be beset with difficulties and be dangerous, and the Communists were sure to put obstacles in my way, but even under such circumstances, he said, it was possible to be of great use to the country. All that was needed was a firm will, a certain amount of courage and a warm heart.

Paltchinsky was the only one among my Moscow acquaintances to understand and appreciate my decision, whereas all the others raised their hands and believed that I had gone mad to have come to Moscow for this purpose voluntarily.

When I asked Paltchinsky, among other things, whether he was not afraid that by remaining in Soviet Russia something might happen to him as a former member of the Kerensky Cabinet, he made the following reply :

"I remain here because I am anxious to work here. This is my place. I do not believe that I have anything to fear after all that I have already gone through. I am no longer fighting against them, why should they do away with me? And if my hour comes, well you know the Russian proverb : 'There are no two deaths, and you cannot avoid one.' "

And it was just that man, who in energy and knowledge was so much above the average, a man with a big heart beating for his country, who had to

pay with his life, merely because twelve years after the Revolution he appeared to the Political Police to be a "noxious person" and an "irreconcilable enemy" of the Soviet Power, and because, as the Political Police maintained, he was alleged to have been "the ideological inspirer and the practical leader of a counter-revolutionary organization in the gold and platinum industry."

If the Russian platinum industry, which could have yielded an annual profit of several million dollars, only manages to-day just to cover its costs, with no profit or almost none, this fact is not due to the guilt of any counter-revolutionary organization. It is due entirely to the Party authorities which—contrary to my advice as an Expert—interfered, radically changing the platinum sales policy which had been followed up to March 1, 1927. The real state of the Soviet platinum question I have endeavoured to show in the thirteenth chapter of the present work which deals with the subject (p. 138).

Chemical and technical experiments are made all the world over in laboratories and in workshops, but only in small doses and with restricted material. In Soviet Russia, on the contrary, the most daring economic experiments, never tried before, are made, without preparation, in entire provinces, with millions of men, in the whole country, on a "State scale," as it is so pompously declared in the Soviet Russian official style.

And when the experiments go wrong, when they yield results quite contrary to those which the Party has been expecting, then the catastrophic results have to be expiated by scapegoats in the shape of non-party Experts who must bleed for having participated in those experiments.

Such is the case in the railways and transport, in

the grain supply, in the coal industry, the platinum industry, and so on.

In reality the guilt lies with the whole political and economic system and not with the details. The actual conditions which have developed in Soviet Russia are responsible and not the individual person or the scapegoat chosen.

And it is just this fact which the Communist Party in power will not see and which it cannot admit. For otherwise every trace of a *raison d'être* for its arbitrary dictatorship will disappear, leaving only the bare lust for power of a small group, the members of which are fighting among themselves, whose political idealism has long ago evaporated and who are now firmly determined to retain their present power at all costs and by all means.

And that is just where the tragedy of the Expert in the service of the Soviet lies, and in general the tragedy of the entire Soviet Russian problem.

M. J. L.

PARIS, *June* 1929

[1] The Lyssva Mining District Company Limited, usually called "The Shouvaloff Company."

[2] The present Chief of the G.P.U., that is the Political Administration of the "State," i.e. the Political Police.

[3] Gochran=State Treasury.

[4] "Gossudárstvennoye Chranilishtche Tsyennostéi" (=State Treasury), abbreviated "Gochran."

[5] See *Russia's Treasures of Diamonds and Precious Stones*, published by the People's Commissariat of Finance, Moscow, 1925–6.

[6] Protoierei=a superior priestly rank in the Greek Orthodox Church.

[7] Tchervonetz=10 gold roubles.

[8] The Russian paper money discovered in the safes was not handed over to the owners of the safes but placed to their respective accounts in the bank.

[9] ="Children's Village," formerly="Village of the Tsars."

[10] Dvornik=porter, caretaker.

[11] Vassilyevsky Ostrov=Vassily Island, a quarter in Petersburg, situated not in the centre of the town but on an island in the Neva.

[12] Dead Lane.

[13] Tchekist=Agent of the Tcheka, of the "Tchresvytcháynaya Kommissiya" ("Extraordinary Commission"), that is of the Political Police, which was later on changed into the name of G.P.U., i.e. "Political Administration of the State."

[14] A locality in the neighbourhood of Amsterdam.

[15] The former assistant for many years of the well-known specialist on the History of the Goldsmiths' Art, Prof. Marc Rosenberg, in Karlsruhe.

[16] Claude Ballin; F. T. Germain; R. J. Auguste; J. N. Roettiers; Louis Lehendrick; and others living in the eighteenth century, as well as M. G. Biennais; T. C. B. Odiot; F. D. Naudin, during the reign of Napoleon I.

[17] David Tanqueray; William Fleming; John Smith; Samuel Courtauld; John Carter, and others.

[18] Christian Drentwett; C. S. Betkober; A. Waremberger, and others.

[19] Liebmann; J. F. Koepping; J. N. Lundt; Nicolai Dohm, and others.

[20] See Baron A. de Foelkersam, *Inventaire de l'Argenterie, Conservée dans les garde meubles des palais imperiant*, St. Petersbourg, 1907.

[21] A citizen of one of the Border states formerly belonging to Russia.

[22] "Politbüro"="The Political Bureau," the highest and decisive authority on questions of Party politics.

[23] 9th of January, old style=22nd of January, new style.

[24] Ounce=troy ounce (abbr. oz.); one ounce=31·1035 grammes; one pound=16·36 kilogrammes.

[25] That is to say, of the official retail price in New York; the wholesale price always remained from about eight to ten dollars per ounce below the retail price.

[26] See Chapter XVI.

[27] In the absence of a more appropriate term, the word "Spetz" is rendered here by "Expert," although the term does not quite exactly correspond to the Western European conception of an Expert. Whereas the "Spetz" is an expert official permanently employed in the service of the State, the Western European Expert is an independent person.

[28] Poltinnik=one shilling.

[29] The Political Police, the successor of the "Tcheka."

[30] The Moscow Headquarters of the G.P.U.

[31] Spetz—Expert or Specialist.

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